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Chairman: Mr. Jorge Pablo FERNANDINI  
(Peru).

## AGENDA ITEM 42

External financing of economic development of the developing countries (continued) (A/6703 and Corr.1, chap. V, sect. I; A/6703/Add.1, chap. IV; A/6848, A/C.2/L.966/Rev.1, E/4408/Rev.1);

- (a) Accelerated flow of capital and technical assistance to the developing countries: report of the Secretary-General (E/4274 and Add.1, E/4293 and Corr.1 and Add.1 and 2, E/4327, E/4371 and Corr.1, E/4375);
- (b) Outflow of capital from the developing countries: report of the Secretary-General (E/4374 and Add.1 and 2 and Add.2/Corr.1)

1. Mr. BADAWI (United Arab Republic) said that, following consultations with certain interested delegations, the sponsors of draft resolution A/C.2/L.966/Rev.1 had further revised the text. The seventh preambular paragraph and operative paragraph 1 would now read as follows:

"Recognizing further that measurement of the volume of resources provided by the donor countries, and of the adequacy of external resources received by the developing countries, depend on adoption of appropriate definitions of the various components of the flow and on the availability of the necessary data,

"1. Urges the developed countries:

"(a) To ease the terms and conditions on which external resources are made available to developing countries in pursuance of Economic and Social

Council resolution 1183 (XLI), so as to minimize the debt-servicing burden on the balance-of-payments of the developing countries;

"(b) To consider extending, whenever it is agreed that the need arises, easy terms and conditions to developing countries whose balance-of-payments problems and debt-servicing burden should require re-scheduling or consolidation of debts."

2. Mr. DEWULF (Belgium) said that his delegation appreciated the gravity and scope of the problems which had prompted the draft resolution, and wished to explain the line it would like to have taken in a constructive debate on the debt-servicing burden of the developing countries in the general context of the problem of financial resources and in the more specific context of reverse flows.

3. As the representative of the Byelorussian SSR had quite rightly pointed out at the 1114th meeting, the Secretary-General's report entitled "Outflow of capital from the developing countries" (E/4374) did not provide a correct picture of the magnitude and pace of such flows. That document was only a progress report which, while it listed the various reverse flows, could only draw very general conclusions on their scope and incidence because of the lack of complete information. Before any firm and specific conclusions could be drawn, a great deal of work would be needed at the record-keeping level and, above all, in the interpretative analysis of data. He thought that those points had been made in the foreword and introduction to the Secretary-General's report and he therefore questioned the wisdom of adopting at the present stage a resolution that was necessarily incomplete, unbalanced and, hence, controversial. It would be preferable to allow the Secretary-General to complete his work on the basis of the unanimous recommendations of the group of experts in their report on methodological problems entitled Measurement of the Flow of Resources to Developing Countries (see E/4327, pp. xiii-xv). The final report could be submitted to the General Assembly at its twenty-third session or, if possible, to the second session of the United Nations Conference on Trade and Development (UNCTAD).

4. In addition, the General Assembly had already adopted a general resolution on the flow of external resources to developing countries (resolution 2170 (XXI)), which was not mentioned in draft resolution A/C.2/L.966/Rev.1, even in its amended form. Moreover, the Second Committee had quite recently, at its 1135th meeting, adopted another general resolution (A/C.2/L.961/Rev.2). Since resolutions which had obtained broad acceptance had already been adopted, there was no reason to remove certain

problems from their context and deal with them in a text which was both technically and politically controversial. The Committee should have followed the procedure of the Economic and Social Council, which had derived from the basic resolutions three resolutions concerning specific problems—resolutions 1270, 1271 and 1273 (XLIII), that had been adopted unanimously.

5. The problem of financing related to trade would certainly be a central theme of the second session of UNCTAD to be held at New Delhi, and the general question of reverse flows and the specific problem of indebtedness would be key aspects of that theme. The patient preparatory work that had been done with a view to possible agreements at New Delhi should not be jeopardized by ill-timed measures on the part of the Committee. The Committee on Invisibles and Financing related to Trade of UNCTAD had prepared a remarkable original document, the Agreed Statement of the Problems of Development.<sup>1/</sup> The Second Committee should take note of that document, since it dealt with the problem under consideration in terms of the complex situations involved and also firmly embarked on a new line. The statement was a basis for discussion that had been prepared jointly and adopted unanimously, as had been stressed by the President of the fifth session of the Trade and Development Board and as was pointed out in the Board's report (see A/6714/Rev.1, para. 96). It represented the result of joint efforts and a constructive starting point for future discussions, for which the most appropriate forum was the second session of UNCTAD.

6. A draft resolution which did not even refer to work of such importance in the matters which it covered would therefore be inappropriate, and the sponsors would do well to pause for reflection.

7. Mr. METUALLY (Syria) said that his delegation, as a sponsor of the draft resolution, believed there were many reasons why it should be adopted by developed and developing countries. The International Bank for Reconstruction and Development had estimated that, during the next five years, developing countries could absorb \$4-5,000 million more in external resources annually than in previous years. Unfortunately, the fact was that the flow of resources to those countries had not increased between 1961 and 1965 and even decreased. Similarly, debt-servicing had continued to rise, and represented a particularly heavy burden for the poorest of the developing countries. The total debt of those countries had now reached the disturbing figure of \$41,000 million. In 1966, debt repayment by the developing countries had amounted to \$4,000 million; at the same time, the developed countries had increased their interest rates and reduced repayment periods.

8. It was therefore quite obvious that the developing countries had to ask the developed countries to ease the terms of their assistance. If there was no improvement in that respect, such assistance might cancel itself out. Indeed, debt-servicing already absorbed two thirds of total loans at the present time.

9. Mr. MARTIN WITKOWSKI (France) said that the further revision of the draft resolution introduced

<sup>1/</sup> See Official Records of the Trade and Development Board, Fifth Session, Supplement No. 3, annex II.

orally by the representative of the United Arab Republic seemed to represent a new line. He would therefore like an opportunity to study it more closely, particularly in consultation with its sponsors.

10. Mr. VARELA (Panama) said that the draft resolution, in its amended form, added nothing to the decisions on external financing already taken by the Economic and Social Council in its resolutions 1183 and 1184 (XLI). In accordance with those resolutions, the Secretary-General had begun the preparation of a report on the matter. The first part of that report had already been submitted, and the Council had requested the Secretary-General to continue his work.

11. Mr. SVENNEVIG (Norway) said he shared the views of the representative of Panama on the proliferation of resolutions, and agreed with the Belgian representative that the draft resolution should mention the work of UNCTAD on external financing.

12. Norway had already expressed reservations, which it maintained, regarding operative paragraph 2 (b), since it did not wish to support recommendations which had not been unanimously adopted by the group of experts. The sponsors might perhaps be willing to amend their text accordingly.

13. In addition, in the interests of harmonizing statistics relating to the transfer of resources, he proposed the insertion of an operative paragraph 2 (c) reading as follows:

"(c) To consult other international organizations concerned with statistics on the different forms of transfer of resources, with a view to arriving at a uniform system of statistics for these transfers".

14. Mr. AITKEN (Jamaica) said that the proposed amendments affected the substance of the draft resolution and his delegation would therefore have to request further instructions from its Government. In those circumstances, it would be advisable to postpone the vote to the next meeting.

15. Mr. ASANTE (Ghana) said that he would like to study the draft resolution more closely. He would vote for the proposal if he was sure that it did not represent a backward step in relation to previous decisions of the Economic and Social Council.

16. After an exchange of views in which Mr. VARELA (Panama), Mr. N'GUESSAN (Ivory Coast) and Mr. BRADLEY (Argentina) took part, the CHAIRMAN suggested that the debate on the draft resolution (A/C.2/L.966/Rev.1) should be closed and that a vote should be taken at the next meeting, on the understanding that informal consultations on the draft resolution, as orally revised at the present meeting, would be held in the interval.

*It was so decided.*

#### AGENDA ITEM 46

Operational activities for development (continued)\*  
(A/6703 and Corr.1, chap. XIII, sect. I and II;  
A/C.2/L.969):

(a) Activities of the United Nations Development Programme: reports of the Governing Council  
(A/6809, E/4297, E/4398);

\*Resumed from the 1142nd meeting.

(b) Activities undertaken by the Secretary-General (A/6841)

17. Mr. FIGUEREDO PLANCHART (Venezuela) said that the sponsors of draft resolution A/C.2/L.969 had held consultations with various groups. A number of delegations had suggested amendments, which the sponsors had taken into account as far as possible, in the interest of unanimity.
18. Mr. DIALLO (Upper Volta) read out the revised text of the draft resolution.
19. Mr. VIAUD (France) pointed out that his Government had recently substantially increased its contribution to the United Nations Development Programme (UNDP) and that even larger proportionate increases had been made by some other countries. In those circumstances, the French delegation could not accept a recommendation which would logically mean that its Government would have to make a further increase in its contribution to the Programme. It did not seem reasonable to fix a new target for UNCTAD's total resources at the present stage, when the 1965 target had not yet been fully reached. There had not yet been any consultations among delegations regarding the figure mentioned by the Secretary-General in the introduction to his annual report to the General Assembly at its twenty-first session (A/6301/Add.1, p. 9), and it was difficult to accept it blindly. That would be to set a yardstick for the next development decade without having any idea of the co-operative effort that might be required of the international community. If there was still time to hold consultations on that question, he hoped they would take place in the very near future.
20. Mr. FIGUEREDO PLANCHART (Venezuela) said that the French representative seemed to have misunderstood the sponsors' intentions and the scope of the changes they had made in the text. It would therefore be advisable to wait until the revised text had been circulated in all languages. For their part, the sponsors were ready to provide any explanations which the Committee might desire.
21. Mr. DELGADO (Senegal) said that the draft resolution stressed two fundamental ideas: the need to increase the resources of UNDP and the need to enable the Programme to contribute to the financing of projects for which pre-investment work had already been carried out. The difficulties of form and substance to which the proposal had given rise did not seem insurmountable, and he was sure that a text acceptable to all delegations could be produced. The delegation of Senegal would like to join the sponsors of the draft resolution, but wished to consult them on various points before making any formal commitment.
22. Mr. RANKIN (Canada) proposed that the words "when economically justifiable" should be inserted after the word "stimulate" in operative paragraph 2.

*The meeting rose at 5.10 p.m.*

