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CONTENTS

<i>Agenda item 42:</i>	
<i>External financing of economic development of the developing countries (continued)</i>	
(a) Accelerated flow of capital and technical assistance to the developing countries: report of the Secretary-General	
(b) Outflow of capital from the developing countries: report of the Secretary-General	139
<i>Agenda item 44:</i>	
<i>The role of the United Nations in training national technical personnel for the accelerated industrialization of the developing countries (concluded)</i>	
<i>Adoption of the Committee's draft report . .</i>	142

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.961/Rev.2, A/C.2/L.964, 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. GJAEREVOLL (Norway) presented draft resolution A/C.2/L.964 on behalf of the sponsors. The International Development Association (IDA) was well known to be in urgent need of new resources. The cumulative total of its utilizable resources had amounted, on 30 June 1967, to \$1,800 million. The cumulative total of its commitments, however, had amounted on the same date to \$1,700 million. There could be no doubt as to the inadequacy of the funds of the Association, which in the current financial year alone had disbursed \$342 million. Unfortunately, the member countries had not yet succeeded in reaching agreement on the level of the Association's resources and on the procedures for replenishing them. The Association had gained most valuable experience in long-term development aid, and he expressed the hope that the Governments concerned would recognize in the draft resolution an expression of what was wanted by the most representative of the international bodies

responsible for dealing with the problems of development, namely, the General Assembly of the United Nations.

2. Mr. ASLAM (Pakistan) said that, ever since its establishment, IDA had successfully discharged its main task of providing the developing countries with assistance on easy terms through flexible procedures. It had granted loans to a variety of economic sectors: industry, agriculture, transport, energy, and so on. Any delay in replenishing the Association's funds might have serious consequences, for the balance of its uncommitted resources had amounted on 30 June 1967 to no more than \$86,800,000. In addition, the Association would now benefit from only token transfers from the International Bank for Reconstruction and Development (IBRD). The Pakistan delegation therefore hoped that the current negotiations would be successful and that the members of IDA would remember that the assistance it provided had the important advantage of not being tied to any restrictive clauses.

3. Mr. REISCH (Austria) recalled that a large proportion of the assistance provided by his country was channelled through multilateral organizations. The Austrian delegation would vote for the draft resolution A/C.2/L.964, although its Government was not at present in a position to assume precise commitments.

4. Sir Edward WARNER (United Kingdom) and Mr. RANKIN (Canada) supported the draft resolution.

5. Mr. MARTIN WITKOWSKI (France) said his delegation would vote for the draft resolution. It would like the French translation of the operative part to be brought into line with the text of the corresponding paragraph of Economic and Social Council resolution 1272 (XLIII) of 4 August 1967.

6. Mr. KAUL (India) said that IDA was one of the best sources of development capital. He expressed the hope that the principal contributing countries would respond as quickly as possible to the appeal that was made in the draft resolution.

7. Mr. ATTIGA (Libya) said his delegation would like to be included among the sponsors of the draft, which he hoped would have better luck than the many resolutions on the reconstitution of IDA's resources which had been adopted since 1965, and which had remained a dead letter. It was true that the apportionment of the Association's resources had sometimes been criticized, not always without justification. Those shortcomings, however, should not be considered a bar to the reconstitution of the Association's funds. The Bank should reconsider its decision to transfer to IDA only 10 per cent of its net receipts. In conclusion, he said his Government was studying the possibility

*Resumed from the 1132nd meeting.

of paying the whole of its contributions in foreign currency.

8. Mr. O'CONOR (United States of America), Mr. DEWULF (Belgium), Mr. CUMES (Australia), Mr. PATRIOTA (Brazil), Mr. JANSZ (Ceylon) and Mr. HUSSEIN (United Arab Republic) said their delegations would vote for the draft resolution.

9. The CHAIRMAN invited the Committee to vote on the draft resolution (A/C.2/L.964).

The draft resolution was adopted without objection.

10. Mr. CONSOLO (International Bank for Reconstruction and Development) thanked the Committee for repeating the appeal launched by the Economic and Social Council in its resolution 1272 (XLIII) and by the Trade and Development Board in its resolution 37 (V) of 7 September 1967. He was convinced that the adopted draft resolution would facilitate the progress of the current negotiations.

11. Mr. WILMOT (Ghana) presented on behalf of the sponsors draft resolution A/C.2/L.961/Rev.2. In a spirit of compromise, the sponsors had agreed to make a number of changes in draft resolution A/C.2/L.961/Rev.1. The changes concerned the third preambular paragraph, which now included a reference to Economic and Social Council resolution 1183 (XLI), and in which the words "to the greatest extent possible," had been added after the words "to increase progressively". Similarly, in accordance with the United States representative's suggestion, the sixth preambular paragraph had been deleted. The new operative paragraph 2 repeated the substance of the text submitted by the representative of Gabon. Lastly, the authors had agreed, in accordance with the United States representative's suggestion, to delete operative paragraph 3 of the first revision, though they attached great importance to the measures that had been enumerated in it. Operative paragraph 3 (now operative paragraph 4) requested the developed countries to study the possibility of implementing the measures suggested in the Secretary-General's report on the "Factors affecting the ability of developed countries to provide resources to the developing countries" (E/4375), and, finally, in operative paragraph 5, a report was requested on action taken in accordance with that paragraph.

12. Sir Edward WARNER (United Kingdom) welcomed the changes in the draft resolution, which made it acceptable to his delegation. He maintained, however, the reservations his delegation had expressed at the twenty-first session of the General Assembly regarding the sixth and seventeenth preambular paragraphs, and operative paragraphs 2, 3 (b) (iii), (iv), (v), (vi) and (viii) and paragraph 5 (b) (ii) of Economic and Social Council resolution 1183 (XLI). As to operative paragraph 3 (now operative paragraph 4) of draft resolution A/C.2/L.961/Rev.2, his delegation saw no objection to a further study of resource transfer targets, but the Secretary-General's report (E/4375) raised problems likely to distract attention from some immediate issues and his delegation thought it would be better to await the results of the discussions on the subject at the second session of the United Nations Conference on Trade and Development.

13. Mr. ABE (Japan) thanked the sponsors for improving their text, particularly by replacing the words "Notes with satisfaction" in operative paragraph 1 by the words "Notes with appreciation". The new text, however, raised a number of difficulties for the Japanese delegation which it had not had with the previous text (A/C.2/L.961/Rev.1). The revision of operative paragraph 4 introduced a new element and did not reflect the comments that had been made by a number of delegations on the previous text. The analysis and conclusions contained in the Secretary-General's report (E/4375) should be carried further and should take account of the diversity of situations in the developed countries themselves. The measures proposed for consideration by the developed countries should correspond more closely to the difficulties encountered by the various Governments in expanding their assistance programmes.

14. So far as Japan was concerned, for example, the report did not make any new suggestion; for some of the measures recommended, including tax incentives to private investment in the developing countries and the establishment of a system of government guarantees of investment risks, had already been applied in that country. The other suggestions contained in the report did not take sufficiently into account the general shortage of resources, both public and private. The Japanese delegation was therefore not altogether satisfied with the Secretary-General's report and had difficulty in accepting operative paragraph 4 of the draft resolution in its present form. It was only natural that the Economic and Social Council should have done no more, at its forty-third session, than take note of the report and express the hope that the Secretary-General would continue his work on the subject, taking Council resolution 1183 (XLI) into account. The Japanese delegation would have been able to accept the wording proposed in the preceding text (A/C.2/L.961/Rev.1) because it had not conflicted with the Council's decision to regard the report as a progress report. If the sponsors felt unable to take account of the observations that had been made, it was nevertheless to be hoped they would be able so to modify the paragraph that it would concern only those countries which considered that the suggested measures applied to their own situation.

15. His delegation would have difficulty accepting the new version of operative paragraph 5 because, in view of the actual nature of the present report, a report on action taken in accordance with paragraph 4 would be premature.

16. Mr. KAUL (India) said that there was no question in his mind that the problem of external financing was one of the most important items before the Committee, for the rate of development of the developing countries depended essentially on the flow of resources which they received.

17. In its revised version, the draft resolution took account of the comments made by various delegations. His delegation had also made certain suggestions which the co-sponsors had accepted. He thought that all countries should be able to approve the resolution in its present form.

18. Mr. RANKIN (Canada) said that his delegation approved of the draft resolution in its revised form, with the reservation, however, that certain passages in the Secretary-General's report (E/4375), from which the draft resolution was derived, were not applicable to Canada.

19. Mr. WRIGHT (Niger) observed that the General Assembly had been dealing with the problem of the flow of resources to the developing countries ever since its fifth session. Yet the problem had grown steadily more serious since that time and it was already evident that the United Nations Development Decade would not attain its objectives. In that connexion, it should be noted that the developing countries, for their part, had made a serious effort to increase their savings and that the stagnation of investment was not attributable to the inadequacy of such savings but primarily to the slow-down in the flow of foreign capital.

20. The causes of the present situation should mainly be sought in the absence of the will to combat the evil, for the developed countries unquestionably possessed sufficient means to increase the flow of resources. In that connexion, he would like to pay a tribute to France, which annually devoted more than 1.8 per cent of its gross national product to foreign aid.

21. It was also important that the developed countries should try to ease the terms on which they granted loans. A reversal of the present trend was particularly important: since there was a danger that, within the next fifteen years, debt servicing in the developing countries would completely cancel out inflows of capital.

22. He would like to repeat that texts providing a basis for a solution already existed; all that was needed was to apply them. In conclusion, he stated that his delegation would vote in favour of the draft resolution.

23. Mr. CUMES (Australia) said that his delegation approved of the draft resolution, with reservations concerning operative paragraph 3. The introductory sentence in that paragraph mentioned resource transfer "targets"; his delegation did not think that targets should be fixed until it was certain that the conditions for their attainment existed. That term should therefore be deleted and the sentence should be amended accordingly. His delegation also thought that it would be better not to speak of "untied cash" in sub-paragraph (c) of that paragraph, for the problems of tied and untied aid were highly complex and needed to be studied more thoroughly.

24. Mr. ATTIGA (Libya) pointed out that, in the course of the discussion, no delegation had said that untied aid was not desirable. Moreover, the purpose of the draft resolution was not to ask countries to disregard the difficulties which they might encounter in certain fields relating to the financing of development aid but simply to state the goals which it was sought to attain. He therefore hoped that those delegations which had expressed certain reservations would take account of the true object of the draft.

25. Mr. PIACITELLI (Italy) said that his delegation would vote in favour of the draft resolution. He would like to point out, however, that the Secretary-General's report (E/4375) was not entirely applicable to Italy, for some of the measures called for in that report, notably with regard to extra-budgetary funds, were precluded by Italian legislation.

26. The CHAIRMAN suggested that the meeting should be suspended to allow the sponsors of the draft resolution to consult with the delegations which had expressed reservations.

It was so decided.

The meeting was suspended at 12.5 p.m. and resumed at 12.40 p.m.

27. Mr. WILMOT (Ghana) said that, as a result of their consultations with the delegations concerned, the sponsors had agreed to amend operative paragraph 3 of the draft resolution by deleting the words "with interest" at the beginning of the sentence. With regard to operative paragraph 4, the sponsors took note of the reservations expressed by the representative of Japan.

28. Mr. ABE (Japan) said that in order not to delay the Committee's work his delegation would not oppose the draft resolution, but that it maintained its reservations.

29. Mr. CUMES (Australia) said that he was grateful to the sponsors for amending operative paragraph 3 along the lines he had indicated but that he maintained his reservations concerning the establishment of transfer targets and tied and untied aid.

30. Mr. MARTIN WITKOWSKI (France) said that he was not at present in a position to commit his Government definitively. His delegation reserved the right to reconsider its position or to propose amendments when the draft resolution was submitted in plenary.

31. Mr. O'CONOR (United States of America) said that his country had always favoured an increase in the flow of external resources to the developing countries and had supported many resolutions for that purpose in United Nations bodies. He would be pleased, therefore, to vote in favour of draft resolution A/C.2/L.961/Rev.2, although the United States could not subscribe to all the recommendations contained in the report of the Secretary-General (E/4375).

32. Moreover, the United States had abstained in the vote on operative paragraph 3 (b) (vii) and (viii) of Economic and Social Council resolution 1183 (XLI), since, as a free enterprise country with a congressional form of government, it had no possibility of implementing them and it continued to have reservations on those two sub-paragraphs.

33. The CHAIRMAN invited the Committee to vote on the revised draft resolution (A/C.2/L.961/Rev.2) as amended.

The draft resolution, as amended, was adopted by 82 votes to none, with 8 abstentions.

AGENDA ITEM 44

The role of the United Nations in training national technical personnel for the accelerated industrialization of the developing countries (concluded)

ADOPTION OF THE COMMITTEE'S DRAFT REPORT
(A/C.2/L.963)

34. Mr. CHADHA (India), Rapporteur, introduced the Committee's draft report on agenda item 44 (A/C.2/L.963). It contained the text of draft resolution

A/C.2/L.958, which had not been put to the vote, as it was decided (1125th meeting) that it would be re-introduced during the consideration of agenda item 12, and the text of draft resolution A/C.2/L.956/Rev.1, which had been adopted unanimously and which the Committee recommended to the General Assembly for adoption.

The draft report (A/C.2/L.963) was adopted.

The meeting rose at 12.55 p.m.