

and the export of inflation from the developed countries, and to find a formula which would make it possible to establish a direct and automatic link between the prices of manufactures imported from the developed countries and the prices of the commodities exported by the developing countries.

106. The sponsors considered that, as stated in paragraph 2, the report of the Secretary-General of

UNCTAD should be submitted to the General Assembly at its twenty-ninth session, together with any comments which the Trade and Development Board might wish to make on the report. The Board had been playing an active role in the study of that question, and the General Assembly might benefit from any comments which the Board might have to make.

The meeting rose at 6.10 p.m.

1545th meeting

Friday, 2 November 1973, at 10.45 a.m.

Chairman: Mr. Zewde GABRE-SELLASSIE (Ethiopia).

A/C.2/SR.1545

AGENDA ITEM 51

United Nations Conference on Trade and Development
(*continued*) (A/9003/Add.1 (part I), A/9015, A/9142, A/9213, A/C.2/L.1295, A/C.2/L.1297, A/C.2/L.1299):

(a) Report of the Trade and Development Board

1. Mr. SELFE (South Africa) began by thanking the Secretary-General of UNCTAD for his introductory statement.
2. Mr. DIALLO (Upper Volta), speaking on a point of order, said he was opposed to hearing any statement from the representative of South Africa, since it had been decided at the second session of UNCTAD at New Delhi to suspend South Africa from membership of the Conference. He therefore felt that the South African representative should not be allowed to address the Committee, especially since he could make no useful contribution to its work.
3. The CHAIRMAN noted the statement of the representative of the Upper Volta. On the basis of a previous Assembly decision, he would allow the representative of South Africa to continue.
4. Mr. SELFE (South Africa) said that there had not been enough progress towards implementing the International Development Strategy. The very wide scope of UNCTAD's interest might mean that there were not sufficient budgetary resources or time to implement the major activities undertaken. However, despite some failures to reach agreed targets, there had been indications of healthy progress, and UNCTAD should be pleased at its achievements during the past year.
5. His delegation welcomed the very close co-operation and consultation which had evolved between the Secretary-General of UNCTAD and his counterparts in other bodies concerned with related activities, in particular GATT and IMF. If there was a full exchange of information about activities in a given field of common concern, duplication of effort could be avoided, which was particularly important in view of current pressure on available resources.
6. He viewed with optimism the attempt which was to be made to remove barriers to international trade in the multilateral negotiations which were to be held under the auspices of GATT in 1974, but not, he was pleased

to note, confined to the Contracting Parties to that body. GATT had played a helpful role in promoting international trade over the past 25 years, but its rule of multilateral most-favoured-nation treatment on a basis of reciprocity was no longer valid, since the national composition of the world and the countries involved in international trade had changed considerably. There was a need for innovation in trade matters in order to meet the needs of a changed world, and a new pattern should emerge from the new round of negotiations.

7. He noted that consultations were continuing with a view to achieving greater market stability for various agricultural commodities entering into world commerce. He welcomed the International Cocoa Agreement 1972, and hoped that it would work well, since its success would encourage the conclusion of other such agreements. Some commodities were absolutely vital to the economies of the developing countries and price stability and guaranteed access to markets for such commodities would thus be of major assistance to those countries' development.

8. He welcomed the more effective regional and sub-regional co-operation within the group of developing countries, and the importance accorded to self-reliance within such areas. Such progress was, however, more marked among the better-equipped members of the group, where there were already resources which could be developed co-operatively. The problem of the least developed countries was that they had the least chance of generating such development on their own, and he would welcome whatever positive action UNCTAD could take in the coming year to increase the assistance they most urgently needed, particularly on the basis of Conference resolution 62 (III).¹

9. The transfer of technology was one way in which bilateral and multilateral development assistance could be given to all developing countries, which required better access to the technology most appropriate to their special needs. The role of UNCTAD appeared to justify the establishment of a permanent committee, as had been recommended.

10. He was pleased to be able to support draft resolution A/C.2/L.1295, since, by contrast with draft resolu-

¹ See *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.73.II.D.4), annex I.A.

tions submitted in former years, he had had time to consider it thoroughly.

11. Mr. HAQ (Pakistan) said that international trade was clearly one of the most important aspects of the development efforts of the developing countries. However, the share of those developing countries in world exports of manufactures was extremely low, and had increased by only 1 per cent over the past eight years. That was the result not of limited manufacturing capacity or a lack of sophistication in finished products, but of the restrictive trade practices, tariff and non-tariff barriers set up by the developed countries. Furthermore, studies carried out by the World Bank indicated that, if protectionist trade restrictions were gradually reduced on agricultural products alone, the export earnings of the poorest countries could increase by at least \$4,000 million by 1980.

12. During the fifth session of the Special Committee on Preferences (see A/9015 (part III), paras. 212-244) it had emerged that only a very small percentage of dutiable exports from the developing countries was benefiting from the generalized system of preferences. Furthermore, the United States and Canada, which accounted for almost 40 per cent of all imports of manufactures and semi-manufactures of the developing countries, had not yet implemented their preference schemes, and the schemes applied in other countries were limited in scope and placed restrictions on preferential imports. Thus, exports from developing countries had not expanded fast enough to pay for their essential imports.

13. The monetary crisis, dollar devaluation and the general instability of the money market meant that the developing countries suffered losses not only in their foreign exchange holdings but also through the devaluation of their own currency. The monetary system had to be reformed in order that the developing countries, with their weaker economies, should not be so vulnerable.

14. His delegation supported the aims of the forthcoming multilateral negotiations as stated in the Tokyo Declaration of 14 September 1973, adopted at the Ministerial Meeting within the framework of GATT. Such aims could be achieved *inter alia* through the progressive dismantling of obstacles to trade and the improvement of the international framework for the conduct of world trade. He hoped that the Secretary-General of UNCTAD would be able to follow developments in the multilateral negotiations in order to assist the developing countries.

15. The recent price increases of commodities had resulted in higher export earnings and an expansion of trade for certain developing countries. However, the price increases had been limited to certain commodities and were temporary in nature because they were due in part to a shortage of commodities. In any case, the price of the finished products imported by the developing countries reflected those price rises. Furthermore, while the prices of commodities might fall suddenly, the prices of finished products, once increased, tended to stay high. Consequently, the developing countries could not continue to rely on exports of raw materials, but must diversify into manufacturing and semi-manufacturing.

16. During the 1960s, the external public debt of the developing countries had risen at an alarming rate, to

the point where it currently cost \$7,000 million a year to service. Yet development assistance in quantitative terms had remained static, and in many cases the net transfer of resources to the developing countries had actually declined. Thus, debts and debt repayments were growing faster than the revenues required for debt service. He hoped that the *Ad Hoc* Group of Governmental Experts set up in accordance with resolution 5 (VI) of the Committee on Invisibles and Financing related to Trade² to study the problem would be able to make specific recommendations.

17. In order to mobilize public opinion regarding development and trade problems, UNCTAD should strengthen its information services and all United Nations information activities should be properly co-ordinated in order to avoid duplication and produce maximum impact. The attitude of the developed countries to development issues could be changed only if the information media in those countries gave accurate information on the urgency of promoting world development on the basis of equality and mutual benefit.

18. It was clear from the report of the Trade and Development Board on its thirteenth session (A/9015 (part III)) that the developed market-economy countries recognized the interdependence of trade, monetary reform and development finance, and that some of them had acknowledged the need for far-reaching structural changes in the existing trade and monetary systems. The statement made by the Minister for Development Co-operation of the Netherlands at the 1540th meeting regarding the positive and forward-looking policies of his Government was to be welcomed and it was to be hoped that other developed market-economy countries would follow the Netherlands example.

19. Although some progress had been made in drawing up a charter of economic rights and duties of States, the draft was still incomplete and he therefore supported the proposal to extend the mandate of the Working Group. He hoped that draft resolution A/C.2/L.1295 would be adopted unanimously.

20. There was a need for greater research efforts by all countries in order to evolve technologies which were suited to the requirements of the developing countries and would not distort the growth of their economies as laid down in their own policies and national plans.

21. His delegation welcomed the report of the Secretary-General of UNCTAD on the review and appraisal of the implementation of the International Development Strategy, at the fifth special session (see A/9015 (part I), chap. I), and supported the decision of the Trade and Development Board (102 (XIII)) to hold a special session at a suitably high level in accordance with the time-schedule envisaged in Conference resolution 79 (III) for the mid-term review and appraisal (see A/9015 (part III), annex I). His delegation had actively participated in the work of the first review and appraisal exercise in the appropriate forums of the United Nations and he wished merely to iterate how distressed his delegation was at the extremely slow progress being made. He hoped that the lessons to be learnt from the first two years of the functioning of the International Development Strategy would lead to a co-ordinated effort to ensure the success of the Second Decade. It

² See *Official Records of the Trade and Development Board, Thirteenth Session, Supplement No. 4* (TD/B/464), annex I.

had to be realized that economic progress was in the interests of all countries, despite their different levels of development.

22. Mr. TAIHITU (Indonesia) said that, despite General Assembly resolution 3041 (XXVII), the fifth special session of the Board had produced separate position papers by various groups on the review and appraisal exercise, and, as reflected in paragraphs 20 and 21 of the Board's report (A/9015 (part I)), the developing countries felt that the universal agreement on the Strategy was merely a statement of good intent. For it to be anything more, the developed countries in particular had to show the political will to accord high priority to its implementation.

23. His delegation noted with satisfaction the successful negotiation of the International Cocoa Agreement, 1972. It supported the appeal made by the Secretary-General of UNCTAD in respect of market access and pricing policy, and hoped that the intensive intergovernmental commodity consultations to be held in accordance with resolution 7 (VII) of the Committee on Commodities (see A/9015 (part II), paras. 127-168) would have positive results.

24. His delegation agreed with the decision of the Board to postpone the seventh session of the Committee on Manufactures until 1975, in order for a more intensive study to be made, in co-operation with GATT, of the problems relating to non-tariff barriers. The generalized system of preferences should be broadened to include agricultural products in all their forms, and safeguard clauses should be removed.

25. As long as the developing countries could not increase their foreign exchange earnings through international trade on a basis of equality, they would still need substantial development assistance. For that assistance to be much more effective, and for it to achieve the targets of the Strategy, the terms on which it was granted should be softened, and tied aid should be discontinued. His delegation supported the decision of the Board to set up an *Ad Hoc* Group of Governmental Experts to study the debt problems of developing countries. It also supported the request of the Board to the Secretary-General of UNCTAD to reconvene the Group of Governmental Experts on the Concepts of the Present Aid and Flow Targets in order to make recommendations which, in the mid-term review and appraisal of the Strategy, would facilitate the evaluation of the efforts of the advanced countries.

26. The transfer of technology could benefit developing countries only if it were obtained at reasonable cost and were appropriate to the needs and levels of those countries and if it stimulated the development of domestic technological capabilities. His delegation hoped that the Intergovernmental Group on Transfer of Technology, which was to meet in August 1974, would explore the feasibility of an international code of conduct and the possibility of transforming the Group into a main committee of the Board.

27. In anticipation of the forthcoming United Nations Conference on a Code of Conduct for Liner Conferences (12 November-14 December 1973), his delegation wished to stress the importance of an equitable share of the developing countries in liner services. A convention on liner conferences might promote the implementation of one of the major goals of the Second United Nations Development Decade.

28. His delegation wished to become a sponsor of draft resolution A/C.2/L.1295.

29. Mr. AL-KHUDHAIRY (Iraq) said that UNCTAD had a crucial role to play in promoting the full participation of the developed and developing countries in all stages of discussion and decision-making in solving trade and development problems. The developing countries had great confidence in its ability to promote the fulfilment of their aspirations and needs. That same premise of full participation had to be extended to the interdependent monetary, trade and finance problems.

30. The meetings arranged between the executive heads of GATT, UNCTAD and IMF following the appeal for co-ordination made at the third session of UNCTAD should be held at regular intervals and the outcome of such talks should be made known to Member States in an appropriate manner.

31. His delegation supported the decision to open the GATT multilateral negotiations to all countries, and welcomed the acknowledgement that developed countries should not expect reciprocity from the developing countries on trade commitments made to them.

32. As regards the joint annual meeting of IBRD and IMF at Nairobi (24-28 September 1973), the effective role which the developing countries had played in the consultations and negotiations clearly demonstrated the wisdom of increasing the membership of the Group of 10.

33. He regretted that many developed countries still refused to see the need for a link between special drawing rights and additional development finance. Such a link could be a means of generating additional flows of financial resources to the developing countries but should under no circumstances lead to a reduction in the flow of other development assistance.

34. He hoped that in the forthcoming multilateral trade negotiations, which should pave the way for a more just international division of labour, the aims endorsed at the recent Conference of Heads of State or Government of Non-Aligned Countries at Algiers (5-9 September 1973), which expressed the collective wishes of the third-world countries, would be taken into account.

35. Shipping was important for the economic and social advancement of developing countries; his delegation welcomed the progress made and hoped that a code of conduct for liner conferences would be drawn up by the end of the year. Codes of conduct which would be useful also in other sectors such as the activities of multinational corporations and the transfer of technology, should be legally binding on all countries.

36. The progress made by the Working Group on the Charter of Economic Rights and Duties of States had been encouraging and he therefore supported draft resolution A/C.2/L.1295.

37. Every country had the right to adopt the economic and social system it deemed most favourable to its development, and to exercise full sovereignty over its natural resources. Such a sovereign right was a prerequisite of any economic development and any infringement of that right was contrary to the aims and principles of the Charter of the United Nations and must be resisted by the international community.

38. That raised the question of Israel's occupation of territories belonging to three States Members of the United Nations, its action to prevent those States from exercising political and economic sovereignty over their lands and resources, and its exploitation of the human and natural resources of those territories for its own benefit. Israel's continued aggressive, expansionist policies obliged the Arab States to divert resources from economic and social development to military defence. Israel's continued occupation of the Sinai, which meant the continuous closure of the Suez Canal, in defiance of numerous United Nations resolutions, had had serious economic effects on many countries in the region and elsewhere. Those effects were described in the study by the UNCTAD secretariat entitled *The economic effects of the closure of the Suez Canal*,³ introduced at the sixth session of the Committee on Shipping, which he urged the Committee to consult. One indirect effect of the closure of the Suez Canal was that certain ports along the sea route via the Cape of Good Hope had benefited from increased trade—in other words, ports in Mozambique owned by the Portuguese colonialists, and ports owned by the racist Government of South Africa.

39. He endorsed the hope expressed by the Secretary-General of UNCTAD that the idea of partnership and co-operation at all levels would be put into practice by all countries, and supported the view that the main cause of the slow progress in international economic relations and development finance remained the lack of the political will on the part of the developed industrialized countries to implement the decisions already taken.

40. Mr. RASAPUTRAM (Sri Lanka) said that concerted action and international co-operation in keeping with the objectives of the International Development Strategy were required to solve the problems of the developing countries. Since the first session of UNCTAD in 1964, progress towards the stabilization of the prices of primary products of the developing countries had been painfully slow. Accordingly, permanent consultations and negotiations should be conducted under the auspices of UNCTAD to deal with such problems as access to markets; pricing policy for primary commodities, the prevention of the deterioration in terms of trade and a serious decline in real income, and the financing of buffer stocks to support prices with the assistance of such institutions as IMF and IBRD. Although the developing countries were pursuing a well-designed programme of diversification to enable them to effect structural changes, they often were guided by short-term price movements. Research should therefore be undertaken in respect of all commodities of interest to developing countries to guide them in their investment decisions. They should also receive assistance in the establishment of industries which were expanding on a global basis. The developed countries should increase the product coverage of the generalized system of preferences, reduce trade barriers and increase imports from developing countries.

41. Special measures were necessary to help diversify the economies of countries which were heavily dependent on three or four export commodities and whose *per capita* incomes were less than \$200 annually. The

reasons for their inability to expand exports and for the stubbornness of some developed countries in keeping their markets virtually closed to some commodities of developing countries should be studied in depth. Market conditions of supply and demand as well as collusion among buyers affected prices. Although the developing countries had elaborated a number of workable proposals to stabilize prices, the industrialized countries had not paid much attention to them. Concessions such as those extended to Europe under the Marshall Plan were denied to the developing countries. Pricing policy must be discussed in relation to markets and access to markets. A time-table should be worked out and supervised by UNCTAD to implement the commodity stabilization programme.

42. International co-operation and United Nations assistance were required to help the developing countries pursue a vigorous scheme of export promotion and diversification. UNCTAD must make every effort to ensure that an acceptable plan was implemented as rapidly as possible. There was also a pressing need for monetary reform, if trade liberalization was to be effective. UNCTAD should co-ordinate its work in that area with other international agencies and should consult more frequently with UNDP, working with recipient countries within the framework of their country programmes.

43. Recent international discussions suggested that a preference scheme acceptable to developed countries was emerging. The concept of special relationships between Europe and certain groups of developing countries should be extended. However, in order to avoid the undesirable perpetuation of particular client groups, UNCTAD should urge that such relationships be regarded as transitional and that special treatment be accorded to all developing countries through the extension of the generalized system of preferences. In view of the dependence of nearly all developing countries on a very few commodities for their export income and in view of the advantageous position of the developed countries, the maintenance and expansion of markets for exports of the developing countries and for the employment of their factors of production were of paramount importance.

44. The cost of debt servicing was rising faster than export earnings. Loans granted on commercial terms could not be called aid and, if they continued, there would ultimately occur a net transfer of resources to the developed countries from the developing countries. It was the responsibility of the international community to avoid a debt crisis, and UNCTAD should identify the potential difficulties in advance and work out a scheme consistent with development policy so that debt-relief measures could be implemented through multilateral agencies.

45. His delegation viewed with concern the slow progress in the development of shipping. The share of the developing countries in world shipping was declining, while freight rates had increased a number of times. In the absence of proper cost data, those increases could not be justified. Preparatory work should be undertaken to gather the information required to work out a scheme in future consultations and negotiations.

46. The action taken thus far by UNCTAD on ways to accelerate the transfer of technology to the developing countries on reasonable terms so that they could benefit

³ Document TD/B/C.4/104/Rev.1 (United Nations publication, Sales No. E.73.II.D.13).

at the early stages of development was insignificant in view of the magnitude of the task. When market forces determined the quality and quantity of the transfer of technology, the developing countries were at a great disadvantage, mainly because free market forces could not prevail under virtually monopolistic conditions. Furthermore, private foreign investments had at times been damaging to economic and political structures and, should that trend continue, host countries would introduce more controls. Accordingly, organizations such as UNCTAD should take an active part in assisting the transfer of technology through international co-operation. There was also an urgent need to stimulate indigenous technology through UNCTAD and multilateral agencies, taking into account supply and demand factors within each country, the potential for expansion on the basis of comparative advantage, and the international division of labour and the need for the maximum expansion of employment.

47. UNCTAD should be given the power to regulate and negotiate trade policies with a view to the expansion of world trade, production, income and employment. Lastly, his delegation agreed that efforts should continue within UNCTAD to prepare a charter of economic rights and duties of States. The charter should govern economic relations between States in a manner mutually beneficial to all nations, on the basis of the principle of territorial integrity and sovereignty.

48. Mr. SHEMIRANI (Iran) said that the first over-all review and appraisal of progress in the implementation of the International Development Strategy revealed a disappointing gap between achievements and expectations with regard to the promotion of international trade. Through UNCTAD, the basic problems had been identified and concrete proposals for their solution had been advanced. Emphasis had rightly been placed on the need to give the exports of the developing countries easier access to the markets of developed countries and on the need for far-reaching reforms in existing world trade and monetary structures.

49. The development of the developing countries must be among the fundamental aims of the multilateral trade negotiations scheduled to end in 1975. The principles of non-reciprocity, non-discrimination and preferential treatment should be emphasized. UNCTAD must be closely associated with the negotiations in order to ensure that the interests of developing countries would not be bypassed. The existing arrangements for co-ordination in the form of periodic consultations among the executive heads of GATT, IMF and UNCTAD were not adequate. In the meantime, the generalized system of preferences should be implemented by all developed countries and improved by expanding product coverage and including special measures in favour of the least developed countries.

50. The interests of the developing countries should also receive adequate attention in the reform of the international monetary system. A promising sign was the proposed link between special drawing rights and increased development finance for the developing countries.

51. It was not easy to ensure the true integration of the world economy. However, the heedless pursuit of short-term parochial interests was increasingly proving to be both morally and economically unwarranted. He urged members to reaffirm their commitment to the

ideal of a new and just world economic order in a charter of economic rights and duties of States and to endeavour to hasten the pace of international action.

52. Mrs. DE GROSSMAN (Dominican Republic) said that her delegation welcomed the fact that the developing countries would have a voice in the efforts to reform the international monetary system. It also welcomed the entry into force of the International Cocoa Agreement, 1972, and the recent adoption of the International Sugar Agreement at the United Nations Sugar Conference which ended on 13 October 1973; her delegation hoped that the charter of economic rights and duties of States would soon become a reality and it wished to join the sponsors of draft resolution A/C.2/L.1295.

53. The failure to attain the objectives established with respect to international trade could be ascribed not to UNCTAD, but to those developed countries which continued to erect certain obstacles. Her delegation fully recognized the problem faced by the secretariat of UNCTAD in its capacity as mediator. Thanks to the efforts of UNCTAD, the development problems of the third world had emerged as a major concern of the international community. UNCTAD also deserved credit for the generalized system of preferences, which had not yet been implemented by certain industrialized countries, for establishing the targets for the transfer of financial resources from the developed to the developing countries, for arranging negotiations on a code of conduct for liner conferences, for suggesting the preparation of a code of conduct for the transfer of technology and for commencing the study of a wide variety of measures to accelerate the expansion of the trade and development of the countries of the third world.

54. Yet the problems of development had not been solved and in some cases had been aggravated. Despite the many meetings held since the third session of UNCTAD, more than half of the world's population continued to live in subhuman conditions. Developing countries must be permitted to share in technological advances and scientific progress and must not resign themselves to material and cultural stagnation. Failure to correct that injustice would lead to confrontation and rebellion. Accordingly, a vast universal effort was required to eliminate under-development. The industrialized countries must abandon their stubborn attitudes and recognize that their interests were no different from those of the developing countries and that both categories must be integrated in a world market in which increased productive capacity, on the basis of technological progress, required an increase in demand, which in turn required a uniform and universal increase in the level of living. It was time to attack the causes and not just the symptoms of the problem. If special interest groups prevented the developed countries from assuming their historic responsibilities, those countries themselves would suffer.

55. Mr. HALASZ (Hungary) said that his delegation greatly appreciated the efforts of UNCTAD to solve international trade problems and believed that the Conference must play an important role in the multilateral trade negotiations in order to ensure that the common interests of the developing and the socialist countries were not eclipsed. In particular, tariff and non-tariff barriers should be removed and action should be taken to reduce the adverse effects of inflationary trends and

the international monetary crisis on developing and moderately developed countries. Furthermore, those countries should benefit from stabilized food and raw materials markets and should be able gradually to find markets for products requiring substantial processing and scientific and technological research. Countries should co-operate in matters other than trade, particularly in the matter of technology.

56. The entire economic policy of the Hungarian Government was export-oriented and its aims included the fullest participation in the international division of labour. Hungary had recently acceded to GATT, thereby asserting its right to equal treatment without discrimination in international trade. Accession to GATT was expected to result in a considerable reduction of customs tariffs, with a resultant increase in demands for imports and an easing of the pressure of increasing world market prices on the domestic market. Like the developing countries, Hungary sought the elimination of tariff barriers to international trade in agricultural products. The protectionist agricultural policies of the most industrialized countries had adversely affected agricultural exports of the developing countries and had not promoted the interests of the industrialized countries either.

57. International trade in research-intensive products was growing rapidly but the flow of scientific and technological knowledge, particularly towards the less developed countries, was far from satisfactory, and statistics showed that the transfer of technology was largely coupled with international movements of capital. The monopoly of scientific and technological knowledge impaired the sovereignty of the less economically developed countries and hindered certain social and economic reforms. Hungary was keenly interested in promoting the international flow of scientific and technological know-how and licences, and assigned more than 3 per cent of the gross national product to research and development. Its efforts would be assisted by international action to accelerate the international transfer of technology.

58. The volume of Hungary's trade with developing countries had almost doubled over the past five years and qualitative changes had also occurred. Its bilateral agreements with developing countries, which had originally been primarily commercial agreements usually coupled with payments agreements for the clearing of accounts, were currently agreements on co-operation in economic, scientific and technological matters. Hungary planned to export the largest possible amount of means of production for the realization of the investment projects of the developing countries, bearing in mind their special technological requirements. Credits were granted at favourable interest rates and payments could be made in the products manufactured by the means of production in question. Imports from the developing countries were stimulated by preferences applicable to both industrial and agricultural products, including processed goods. Numerous Hungarian specialists were working in developing countries and many specialists from developing countries had received training in Hungary. His country also sent instructors to the developing countries to help with the massive training of skilled workers and highly qualified experts.

59. His delegation supported draft resolution A/C.2/L.1295.

60. Mr. GARCIA BELAUNDE (Peru) said that the debate afforded an opportunity for analysing questions which affected all countries, and particularly those whose economic and social structures made them more vulnerable to the problems of trade, and of development in general. Basically, UNCTAD was a forum in which to approach the complex problems of development in an increasingly interdependent world. The function of UNCTAD was not to correct transient situations, but to redress the serious imbalance of economic power in the world. It was called upon both to lay down principles and to provide guidance. The fact that to date the structure of economic power remained unchanged should not be blamed on UNCTAD; the present situation resulted from centuries of colonial domination and years of neo-colonialist dependence, and time and the will to change were necessary if the international community was to become a free society, both politically and economically.

61. The ministerial meetings of GATT and IMF heralded the possibility of a new trade and monetary order, which was of the greatest importance. The earlier system, designed for the economies of the developed countries, had failed because they had possessed neither the discipline nor the self-interest to act according to its rules. The developing countries had made it clear that they could not be mere witnesses of the beginning of the new system, and subsequently its victims, as had been the case in the past. The multilateral trade negotiations to be held under the auspices of GATT faced the important problem of the generalized system of preferences and the benefits the poor countries derived from it. There was a danger that the new system would serve the aspirations of the rich countries for more wealth, rather than permit an effective policy of attacking the increasing problems of the developing countries.

62. Since the thirteenth session of the Trade and Development Board (21 August-11 September 1973) had been held shortly before the Ministerial Meeting of GATT at Tokyo (12-14 September) and the joint annual meeting of IBRD and IMF at Nairobi (24-28 September), it was surprising that the Board had taken no firm stand with regard to the principles to be established at those meetings. Its failure to do so suggested that UNCTAD was beginning to lose its ability to state positions of principle consistent with its functions.

63. Clearly, some States bore more responsibility than others for the task of restructuring the underlying foundation of development, partly because they possessed the power to carry it out and partly because they were historically responsible for the present situation. Nevertheless, a just and lasting solution should be sought through a multilateral system which linked the developed countries on terms of equality and mutual interest with the developing countries. In the past, relations of that type had prevailed only between industrialized countries, and outside the United Nations system. The goal of partnership in the fight against underdevelopment was far from being achieved; the current efforts were being undertaken collectively by the developing countries. Real political will on the part of the rich countries was required to put an end to the era of

confrontation between them and the poor countries. Structural problems could not be solved by temporary solutions, and the goal of restructuring the terms of international trade and achieving a new international division of labour was still far off.

64. As a sponsor of draft resolution A/C.2/L.1295, his delegation was convinced that the charter of economic rights and duties of States could serve as the basis for a restructuring of international economic relations.

65. Mr. HABIB (Syrian Arab Republic) said that the monetary crisis in the industrialized countries had seriously affected the economies of the developing countries. While the exports of the developed market-economy countries had increased by about 18 per cent from 1971 to 1972, and commodity prices had risen about the same amount, the value of exports from the developing countries had increased by only about 16 per cent. The developed countries did not do enough to contribute to the development of the developing countries. It was regrettable that the third session of UNCTAD had not achieved more tangible results, since development was a prerequisite for social justice. New forms of economic co-operation among the developed countries had emerged, but no significant progress had been achieved in economic relations between them and the developing countries. The prices of the agricultural products and raw materials which the latter exported were substantially lower than those for the exports of developed countries. That petroleum had attained just prices was due to the oil policy of the members of the Organization of Petroleum Exporting Countries (OPEC) which, by giving practical emphasis for the first time to the permanent sovereignty of developing countries over their national resources, had destroyed the cartels in the industrialized countries which exploited those resources.

66. Demand in the developed market-economy countries considerably affected the export trade of developing countries, and should accordingly be directed in such a way as to promote their exports. The maximum benefits to their development would derive from a combination of increased exports and high prices. International trade had not yet recovered from the effects of the 1971 crisis; the external trade and payments position of the developing countries still suffered from underlying structural weaknesses, and a new trade and payment system was urgently needed. Monetary stability stimulated progress in trade, and the converse was also true. The exports of the developing countries suffered from lack of markets in the developed countries, as well as from tariff barriers and pricing policies.

67. Because the Syrian Arab Republic and other Arab countries had been facing constant Zionist military aggression since 1948, his delegation attached particular importance to the permanent sovereignty of developing countries over their natural resources. The Israeli aggression exploited the human and natural resources of the Syrian Arab Republic and constituted a violation of Trade and Development Board resolution 88 (XII),⁴ General Assembly resolution 3016 (XXVII) and the Charter of the United Nations. His delegation had supported UNCTAD resolution 40 (III)⁵ on the economic

effects of the closure of the Suez Canal, which had seriously affected the Egyptian economy, as well as international trade as a whole.

68. Technology, in the sense both of physical capital and of knowledge, was the most important element in the development process. An increase in the transfer of technology to developing countries was therefore vital, and his delegation had supported all the United Nations resolutions on the subject, particularly UNCTAD resolution 39 (III).⁵ In general, the transfer of technology was not affected by customs duties or tariff barriers, or by international exchange values.

69. His delegation wished to become a sponsor of draft resolution A/C.2/L.1295.

70. Mr. WANG Tzu-chuan (China) said that the international situation continued to develop in a direction favourable to the people of all countries and unfavourable to imperialism, colonialism and big-Power hegemony. The third world had risen against imperialist exploitation and monopoly in the economic field, and had achieved some success. Nevertheless, many injustices and irrationalities persisted in international economic and trade relations. Because of the increasing role of the developing countries in international affairs, the imperialists professed a readiness to protect their interests in the trade, monetary and financial spheres, but on substantive issues they clung to their vested interests. Their policy of economic expansion was a major obstacle to the establishment of equitable and mutually beneficial international economic and trade relations.

71. The recent increase in the prices of certain commodities in international markets was due mainly to temporary phenomena and the fundamental problems of commodity trade were far from being solved. The terms of trade of the developing countries were worsening, the disparity between the prices of primary and industrial products was growing, and the tariff and non-tariff barriers erected by the developed countries were mounting. The generalized system of preferences, hailed as one of UNCTAD's major achievements, did not cover the primary products which were of major concern to developing countries. The limited benefits which they might derive from it were in danger of being greatly diminished as a result of non-tariff barriers such as quantitative restrictions and of preferential arrangements between developed countries. Some of the international commodity agreements existed only in name, some were paralysed and some were in essence unfavourable to the developing countries.

72. For centuries, the imperialists and colonialists had exploited the developing countries, forcing them to develop one-product economies. That was the root cause of their poverty and backwardness. The principle of equality among all countries should be applied in the conduct of international trade; the large nations should not bully the small, nor the rich the poor. His delegation was opposed to market and price monopolies, and supported the just demands of the developing countries for access to markets and pricing policy in respect of primary products. It opposed exploitation and control in all their manifestations, and supported the demands of the developing countries that the developed countries should progressively eliminate tariff and non-tariff barriers and implement and improve the generalized system of preferences. It opposed the actions of those

⁴ See *Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 15, part one, annex I.*

⁵ See *Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. I, Report and Annexes* (United Nations publication, Sales No. E.73.II.D.4), annex I.A.

economic Powers which took advantage of the difficulties of the developing countries in marketing their primary products to exert political and economic pressures on them, and bought cheap and sold dear or obtained excessive profits through speculation. Intergovernmental consultations should be held on certain commodities, and the developing countries should enjoy equal, full and effective participation in multilateral trade negotiations. China was sympathetic towards the least developed countries, which were in difficult circumstances. The developed countries should discharge their obligations, and the present abnormal situation in which discussions led to no solution and resolutions remained unimplemented, should be corrected.

73. The developing countries also faced problems relating to development funds and the transfer of technology. The difficulties they encountered in commodity trade impaired their ability to pay, and they had been seriously affected by the monetary crises and inflation in the capitalist world. Their external debt had seriously impeded the development of their independent national economies; to solve that problem, the international monetary system must be reformed through consultations on a basis of equality. His delegation opposed the practice of a few countries making unilateral decisions through the international financial institutions they controlled, disregarding the legitimate rights and interests of the developing countries, and supported the latter's demand for equal participation in the negotiations and decision-making relating to international monetary reform.

74. The Working Group on the Charter of Economic Rights and Duties of States had submitted a report and a draft charter incorporating alternative formulations (see A/9213). At the Working Group's second session (13-27 July 1973) many developing countries had proposed acceptable formulations worthy of general support. However, certain major Powers had attempted to obstruct those proposals, and their attitude had unfortunately delayed the process of drafting the charter. His delegation believed that the charter should safeguard the independence and sovereignty of all States, promote the development of their national economies, protect their natural resources, establish international economic relations based on equality, mutual benefit and mutual respect, and promote economic exchange, friendship and co-operation among the peoples of all countries. To that end, exploitation, dumping and monopoly by imperialism, colonialism, neo-colonialism and big-Power hegemony must be eliminated, and the principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in internal affairs, equality and mutual benefit, and peaceful coexistence must be adhered to as universal norms. The incorporation in the charter of provisions to that effect would reflect the aspirations and interests of the developing countries and of the peoples of other countries. His delegation supported the request of the Trade and Development Board that the General Assembly should authorize the Working Group to hold further sessions in 1974 and complete its work. Accordingly, it supported draft resolution A/C.2/L.1295, and was prepared to continue working with the other members of the Working Group to draw up a charter.

75. The establishment of international economic relations based on equality and mutual benefit was an extremely difficult task. In the past year, UNCTAD had achieved initial results in certain fields. Its role should be strengthened so that it could contribute to safeguarding the legitimate rights and interests of the developing countries and to transforming the existing irrational international economic relations. China was a developing country. In the common struggle against imperialism and big-Power hegemony, the peoples of the numerous Asian, African and Latin American countries and other small and medium-sized countries always supported and encouraged each other. It was by plundering and exploiting the peoples of those countries that colonialism and imperialism had accumulated their wealth, and they would try in every way to create more difficulties for those countries which defended their national independence and developed their national economies. It was therefore futile to harbour any unrealistic notion about them. As long as the developing countries strengthened their unity and persevered with a correct policy, they would be able to frustrate all the schemes of imperialism and big-Power hegemony, remove the obstacles to their advancement and make continuous progress in winning and safeguarding their national independence and sovereignty and in developing independent national economies.

76. Mr. MACKENZIE (United Kingdom) said that UNCTAD had made encouraging progress in relation to the debt problem, the problem of developing island countries and the problem of the least developed among the developing countries. The decision to establish an *Ad Hoc* Group of Governmental Experts to consider the debt problem was an extremely important one which his delegation welcomed, since the United Kingdom had long been concerned at the effect of external indebtedness on the development of the developing countries. There had been considerable development in the thinking of Governments since the third session of UNCTAD; the developed countries now acknowledged that development objectives must be taken into account, while the developing countries accepted that the solution of the debt problems must safeguard the legitimate interests of creditors, and recognized that efforts to keep the debt within manageable limits were a matter of international concern. His delegation felt that the Group of Experts would be able to make useful progress, and looked forward to participating in it.

77. In introducing draft resolution A/C.2/L.1295, the representative of Mexico had stressed the importance of producing a balanced charter of economic rights and duties which would command universal support. His delegation fully agreed; the hard work involved would be justified only if the resulting document commanded the support of all major trade groups in the world. While it was impossible at the present stage to decide on the form and status of the charter, his delegation wished to make it clear that it interpreted paragraph 4 of the draft resolution as calling for the elaboration of a draft charter in the form of a declaration to be adopted by the General Assembly. His Government reserved its position as to any further steps which might be taken beyond that point, but was prepared to participate on condition that they were based on a consensus. His delegation hoped that the draft resolution would be adopted unanimously, and believed that the Working

Group should be encouraged to complete its work in 1974. His delegation would participate in that process, which it hoped would lead to a balanced document of permanent value and commanding the respect of all sections of the international community.

78. The CHAIRMAN announced that the delegations of Bolivia, Costa Rica, Ecuador, Honduras, Guatemala, Guyana, Lebanon and Nicaragua had become sponsors of draft resolution A/C.2/L.1295.

The meeting rose at 1.10 p.m.

1546th meeting

Friday, 2 November 1973, at 3.20 p.m.

Chairman: Mr. Zewde GABRE-SELLASSIE (Ethiopia).

A/C.2/SR.1546

AGENDA ITEM 51

United Nations Conference on Trade and Development
(continued) (A/9003/Add.1 (part I), A/9015, A/9142,
A/9213, A/C.2/L.1295, A/C.2/L.1297,
A/C.2/L.1299):

(a) Report of the Trade and Development Board

1. Mr. OCHIRBAL (Mongolia) said his delegation had listened with interest to the statement of the Secretary-General of UNCTAD (1542nd meeting) and had studied carefully the report of the Trade and Development Board on its fifth special session (A/9015 (part II)) and its thirteenth regular session (A/9015 (part III)).

2. His delegation shared the concern expressed by Mr. Pérez Guerrero and others at the unsatisfactory conditions of international trade and their harmful effects on the progress of the developing countries and relations among all States of the world.

3. Over the last 10 years, UNCTAD, in the exercise of its main function, had made considerable efforts to promote international trade and had achieved positive results. Among the most noteworthy were the adoption at the first session of the Conference (23 March-16 June 1964) of principles governing international trade relations—particularly among countries having different economic and social systems—the adoption of the generalized system of preferences, consultations on commodities, the adoption of measures in favour of the land-locked countries and the settling of questions relating to shipping. That clearly showed that, if enough States wanted to solve problems, effective measures could be taken and rules adopted to normalize international relations. Co-operation among States generally depended on the political situation obtaining in the world. The current trend towards *détente* offered UNCTAD the opportunity to apply its principles for strengthening international trade relations, speeding up the development of the under-developed countries, ensuring that all States participated in decision-making and in all economic activities and, finally, for continuing the process of normalization already under way.

4. UNCTAD should do its utmost to strengthen the spirit of *détente*. His delegation hoped, therefore, that it would give a favourable reception to the proposal made by the USSR in the General Assembly for a reduction of the military budgets of States permanent members of the Security Council by 10 per cent and utilization of

part of the funds thus saved to provide assistance to developing countries (agenda item 102). The UNCTAD secretariat should examine the favourable consequences which adoption of that proposal would undoubtedly have for developing countries.

5. To enhance its effectiveness still further, UNCTAD should take into consideration the interests of all countries, whatever their economic or social systems. It had shown its desire to become a universal organization by the recent admission of the German Democratic Republic and the Democratic Republic of Korea to membership in UNCTAD, moves his delegation welcomed. It could also usefully co-operate with other organizations pursuing similar aims, such as CMEA. Such co-operation would be of great interest to that organization, since it would enable it to contribute more effectively to the advancement of the developing countries. In that respect, he recalled that at the fifth special session of the Trade and Development Board the socialist countries had announced that a special fund for aid to developing countries had been established within the framework of the International Investment Bank of CMEA and would commence operations on 1 January 1974 (see A/9015 (part I), para. 156).

6. His delegation supported the proposal of the President of Mexico for a charter of economic rights and duties of States (see A/9142). Progress on that project was satisfactory and his delegation supported the decision of the Trade and Development Board to extend the mandate of the Working Group (see A/9213).

7. The concept of economic security presupposed the creation of conditions which would enable all States to develop their economies freely and without political pressure. Accordingly, his delegation stressed the importance of the conclusions reached by the Group of Eminent Persons appointed in accordance with Economic and Social Council resolution 1721 (LIII) to study the impact of multinational corporations on development, particularly in the field of trade.

8. His delegation appreciated UNCTAD's efforts in such fields as the transfer of technology and the exploitation of the sea-bed. It also approved of the work of the Committee on Commodities and its resolution to the effect that UNCTAD should study the influence of the international monetary crisis on trade in such products. UNCTAD should continue to concern itself with development of trade relations among countries having different economic and social systems and with improving transit conditions for goods from the land-locked