

known. The sole objective of the sponsors of the draft resolution was to obtain an increase in the level of living of the people of the developing countries; in no case were they prejudging the contents of the study. Having said that, he agreed to a postponement of the vote, but

insisted that there be no further discussions on the draft resolution and that the document not be sent to the Secretary-General of UNCTAD for consideration.

*The meeting rose at 12.50 p.m.*

## 1553rd meeting

Friday, 9 November 1973, at 3.20 p.m.

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

A/C.2/SR.1553

### AGENDA ITEM 48

**United Nations Industrial Development Organization (concluded)** (A/9003 and Corr.1, chap. XII; A/9016, A/9072, A/C.2/L.1294/Rev.1, A/C.2/L.1303):

- (a) Report of the Industrial Development Board;
- (b) Second General Conference of the United Nations Industrial Development Organization: report of the Executive Director

1. Mr. MAKEYEV (Union of Soviet Socialist Republics) suggested that the Committee should vote first on the draft proposal in document A/C.2/L.1303, to be transmitted to the Fifth Committee, concerning draft paragraphs for inclusion in the Committee's report to the General Assembly.

*The proposal was adopted by 72 votes to 9, with 11 abstentions.*

2. Mr. OLIVERI LOPEZ (Argentina) and Mr. CHABALA (Zambia), speaking as sponsors of draft resolution A/C.2/L.1294/Rev.1, and Mr. BA-ISA (Democratic Yemen), Mrs. DE GROSSMAN (Dominican Republic), Mr. KANE (Mauritania), Mr. BENNANI (Morocco), Mr. THAPA (Nepal), Mr. HAMID (Sudan), Mr. BOMANI (United Republic of Tanzania), Mr. CHELLE (Uruguay) and Mr. KIRSHI (Yemen) said that, had they been present for the vote, they would have voted in favour of the proposal.

3. Mr. RASAPUTRAM (Sri Lanka) said that he had had to abstain in the vote, failing specific instructions from his Government, as he had only received document A/C.2/L.1303 the previous day.

4. The CHAIRMAN announced that Madagascar, Mauritania, and Togo had become sponsors of draft resolution A/C.2/L.1294/Rev.1.

5. Mr. EKBLOM (Finland) said that his delegation had already explained in the Economic Committee on 12 July 1973 (638th meeting), during the resumed fifty-fifth session of the Economic and Social Council, its reasons for abstaining in any votes on the proposals in document A/C.2/L.1294/Rev.1. While he appreciated the efforts of the sponsors to make the draft resolution more acceptable, since the essence of the decisions of the seventh session of the Industrial Development Board had been maintained, he would abstain in the vote on the draft resolution.

6. Mr. GONZALEZ ARIAS (Paraguay) said that special measures in favour of the land-locked developing

countries should be mentioned in paragraph 2 of the draft resolution. Although a proposal along those lines had been previously put forward, and rejected by the Industrial Development Board, he wished to point out that there were in fact only three land-locked developing countries which were not included in the list of the 25 least developed countries, namely Bolivia, Paraguay and Zambia, and that in other United Nations bodies, measures had been taken in their favour. The Board should support all the developing countries, and at its eighth session it should take into account the needs of the land-locked developing countries, which were amongst the least developed. He would vote in favour of draft resolution A/C.2/L.1294/Rev.1.

7. Mr. VALDES (Bolivia) agreed with the representative of Paraguay. A reference to the land-locked countries would be in accordance with paragraph 59 of the International Development Strategy. At its eighth session, the Industrial Development Board should take the special needs of those countries into account.

8. Mr. PAGUAGA (Nicaragua) and Mr. CHABALA (Zambia) supported the remarks of the representatives of Bolivia and Paraguay.

9. Mr. SCHMID (Federal Republic of Germany) said that he agreed in principle that UNIDO should have greater independence in the implementation of programmes, in personnel administration and in publications, since time and work could thus be saved in New York. The prerequisite for greater independence was that UNIDO should submit a more detailed account of its work to the Industrial Development Board. He saw no need at the moment, however, to grant UNIDO complete administrative and financial autonomy.

10. The establishment of an industrial development fund, comprising all the voluntary contributions to UNIDO—with the exception of UNDP funds—could in future lead to a pooling of different trust funds, possibly including resources from the United Nations Capital Development Fund. Once the work on a long-range strategy for UNIDO and on the Second General Conference had been completed, then such a fund could be properly discussed. It could be used to finance projects, particularly interregional and world-wide projects, which did not qualify for UNDP funds. However, in the event of such a fund being created, UNIDO would have to be accountable for the use of its resources to the Board.

11. His Government maintained its reservations regarding an increase in the regular programme of technical assistance of UNIDO from \$1.5 to \$2 million as of

1975, suggested by Board decision I (VII). For reasons of principle it favoured a concentration of the funds available for technical assistance with UNDP, except where it would seem appropriate to draw on trust funds. His Government none the less supported special measures in favour of the least developed countries.

12. He did not feel it was necessary for the moment to increase the number of UNIDO field advisers, as envisaged in Board decision III (VII), although he would be prepared to review the matter at the Second General Conference. The existing 30 posts for field advisers should be filled with qualified people and co-operation should be improved between UNIDO and the regional economic commissions.

13. His delegation would abstain in the vote on draft resolution A/C.2/L.1294/Rev.1.

14. Mr. JOSEPH (Australia) thanked the sponsors of the draft resolution for their efforts to meet the points raised by his and other delegations. However, he still had doubts about paragraph 4, regarding an increase in the number of industrial development field advisers, and thought that no decision should be taken until the UNDP Governing Council had given its opinion. Furthermore, the word "Endorses" in paragraph 4 seemed incongruous with the proviso "without prejudice". In view of those considerations, he requested a separate vote on paragraph 4.

15. Mr. MUELLER (Austria) requested a separate vote on paragraphs 3 and 4.

16. Mr. GATES (New Zealand) agreed that UNIDO was not performing the role envisaged for it as a central organ for programmes in the industrial sector. A lack of political will on the part of the industrialized countries and a need for financial and administrative independence might be significant.

17. His delegation would work to ensure that, at the Second General Conference, an organization would evolve that would meet the expectations of all countries. The draft resolution was helpful in the ongoing revision of the role of UNIDO. He had, however, a minor reservation concerning paragraph 2, which he did not interpret as referring to the earmarking of funds for technical assistance programmes. Rather, he thought that the increase would be spent largely on the higher administrative costs of technical assistance programmes with only the remainder being allocated to the least developed countries. Although he would vote in favour of draft resolution A/C.2/L.1294/Rev.1, he did not wish that vote to be interpreted as an endorsement of any of the opinions expressed in the Committee concerning ways and means to improve and strengthen UNIDO.

*At the request of the representative of Kuwait, recorded votes were taken on paragraphs 3 and 4 of draft resolution A/C.2/L.1294/Rev.1.*

#### Paragraph 3

*In favour:* Afghanistan, Albania, Algeria, Argentina, Australia, Bahamas, Bahrain, Barbados, Bhutan, Bolivia, Botswana, Brazil, Burma, Burundi, Cameroon, Central African Republic, Chad, China, Colombia, Congo, Costa Rica, Cyprus, Dahomey, Democratic Yemen, Dominican Republic, Egypt, Ethiopia, Fiji, Gabon, Ghana, Greece, Guatemala,

Guinea, Guyana, Haiti, Honduras, India, Indonesia, Iran, Iraq, Israel, Jamaica, Japan, Jordan, Kenya, Khmer Republic, Kuwait, Laos, Liberia, Libyan Arab Republic, Madagascar, Malaysia, Mali, Malta, Mauritania, Mexico, Morocco, Nicaragua, Niger, Nigeria, Oman, Pakistan, Panama, Paraguay, Peru, Philippines, Qatar, Romania, Senegal, Sierra Leone, Singapore, Somalia, Sri Lanka, Sudan, Swaziland, Syrian Arab Republic, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, United Arab Emirates, United Republic of Tanzania, United States of America, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia, Zaire, Zambia.

*Against:* None.

*Abstaining:* Austria, Belgium, Bulgaria, Byelorussian Soviet Socialist Republic, Canada, Czechoslovakia, Denmark, Finland, France, German Democratic Republic, Germany (Federal Republic of), Hungary, Iceland, Ireland, Italy, Mongolia, Netherlands, New Zealand, Norway, Poland, Portugal, South Africa, Spain, Sweden, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland.

*Paragraph 3 was adopted by 92 votes to none, with 27 abstentions.*

#### Paragraph 4

*In favour:* Afghanistan, Albania, Algeria, Argentina, Bahamas, Bahrain, Bhutan, Bolivia, Botswana, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cameroon, Central African Republic, Chad, China, Colombia, Congo, Costa Rica, Cyprus, Dahomey, Democratic Yemen, Dominican Republic, Egypt, Ethiopia, Fiji, Gabon, German Democratic Republic, Ghana, Greece, Guatemala, Guinea, Guyana, Haiti, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Italy, Ivory Coast, Jamaica, Jordan, Kenya, Khmer Republic, Kuwait, Laos, Liberia, Libyan Arab Republic, Madagascar, Malaysia, Mali, Malta, Mauritania, Mongolia, Morocco, Nicaragua, Niger, Nigeria, Oman, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Qatar, Romania, Senegal, Sierra Leone, Singapore, Somalia, Sri Lanka, Sudan, Swaziland, Syrian Arab Republic, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Emirates, United Republic of Tanzania, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia, Zaire, Zambia.

*Against:* United States of America.

*Abstaining:* Australia, Austria, Barbados, Belgium, Canada, Czechoslovakia, Denmark, Finland, France, Germany (Federal Republic of), Iceland, Ireland, Japan, Mexico, Netherlands, New Zealand, Norway, Portugal, South Africa, Spain, Sweden, United Kingdom of Great Britain and Northern Ireland.

*Paragraph 4 was adopted by 97 votes to 1, with 22 abstentions.*

*At the request of the representative of Nigeria, a recorded vote was taken on draft resolution A/C.2/L.1294/Rev.1 as a whole.*

*In favour:* Afghanistan, Albania, Algeria, Argentina, Australia, Austria, Bahamas, Bahrain, Barbados, Bhutan, Bolivia, Botswana, Brazil, Burma, Burundi,

Cameroon, Central African Republic, Chad, China, Colombia, Congo, Costa Rica, Cyprus, Dahomey, Democratic Yemen, Denmark, Dominican Republic, Egypt, Ethiopia, Fiji, Gabon, Ghana, Greece, Guatemala, Guinea, Guyana, Haiti, Honduras, Iceland, India, Indonesia, Iran, Iraq, Israel, Italy, Ivory Coast, Jamaica, Japan, Jordan, Kenya, Khmer Republic, Kuwait, Laos, Liberia, Libyan Arab Republic, Madagascar, Malaysia, Mali, Malta, Mauritania, Mexico, Mongolia, Morocco, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Oman, Pakistan, Panama, Paraguay, Peru, Philippines, Portugal, Qatar, Romania, Senegal, Sierra Leone, Singapore, Somalia, Spain, Sri Lanka, Sudan, Swaziland, Sweden, Syrian Arab Republic, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, United Arab Emirates, United Republic of Tanzania, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia, Zaire, Zambia.

*Against:* None.

*Abstaining:* Belgium, Bulgaria, Byelorussian Soviet Socialist Republic, Canada, Czechoslovakia, Finland, France, German Democratic Republic, Germany (Federal Republic of), Hungary, Ireland, Poland, South Africa, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America.

*Draft resolution A/C.2/L.1294/Rev.1 as a whole was adopted by 103 votes to none, with 17 abstentions.*

18. Mr. SOTO (Venezuela) said that he was in sympathy with the ideas expressed by the representatives of Bolivia and Paraguay and would therefore have had no objection to including a reference to the land-locked countries in paragraph 2 of the draft resolution.

19. Mr. MAKEYEV (Union of Soviet Socialist Republics) said his delegation's support for the activities of UNIDO was based on its belief in the important role industrial development could play in promoting the economic and social development of the developing countries and in improving the standard of living of their population. His delegation was glad to support measures designed to improve the activities of UNIDO within the framework laid down in General Assembly resolution 2152 (XXI), and had supported the decision to hold the Second General Conference of UNIDO at Lima.

20. With regard to the action just taken by the Committee, however, his delegation felt that the efficiency of the activities of UNIDO should be increased not by separating its budget from the United Nations and giving it administrative autonomy, as the draft paragraphs contained in document A/C.2/L.1303 required, nor by setting up a new fund, as requested in draft resolution A/C.2/L.1294/Rev.1, but by more rational use of the resources of the whole United Nations system, and by strengthening the co-ordinating role in industrial development assigned to UNIDO by resolution 2152 (XXI). UNIDO already possessed all the requirements to serve as the main organ in the United Nations system co-ordinating the industrial development activities of the system and disseminating technical information on industrialization. Indeed, its status under resolution 2152 (XXI) was in some respects even more advantageous than that of most specialized agencies. The problem was to enable it to make full use of the possibilities

open to it for promoting assistance to developing countries in their industrial development, and hasty changes of doubtful effectiveness were not likely to advance that goal. Accordingly, his delegation had voted against the proposal in document A/C.2/L.1303 and had abstained in the vote on draft resolution A/C.2/L.1294/Rev.1. With regard to paragraph 2 of the draft resolution, his delegation believed that the UNIDO regular programme of technical assistance should be transferred from the United Nations regular budget to UNDP and financed on a voluntary basis. It therefore assumed that the increased planning level and budget of the regular programme of technical assistance of UNIDO would be achieved only by the redistribution of existing resources, and would not result in any increase in the regular budget as a whole. For similar reasons, his delegation did not agree that the increase in the number of industrial development field advisers referred to in paragraph 4 should be financed from the United Nations budget. It was on the understanding that it would not be so financed that his delegation had supported the Board's decision III (VII). The Executive Director should consider the possibilities of financing the increase from other sources, particularly from voluntary technical assistance funds.

21. Mr. ARVESEN (Norway) said his delegation had voted for the draft resolution as a whole but had abstained on paragraph 3, since it felt that the main source of financing for UNIDO should continue to be UNDP. UNDP's resources should be increased, and at the recent 1973 United Nations Pledging Conference<sup>1</sup> his delegation had announced a substantial increase in the Norwegian Government's pledge for 1974. For reasons similar to those stated by the representative of Australia, his delegation had also abstained on paragraph 4.

22. Mr. VAN GORKOM (Netherlands) said his delegation endorsed the draft resolution's main thrust of strengthening UNIDO. At the seventh session of the Industrial Development Board, however, his delegation had supported only one of the decisions which the draft resolution, as well as document A/C.2/L.1303, were intended to reaffirm. Although his delegation had voted for the Board's decision I (VII), it nevertheless felt, with regard to paragraph 2 of the draft resolution, that UNDP should remain the main source for the financing of UNIDO's projects.

23. His delegation had abstained in the vote on paragraph 4; although it welcomed the addition by the sponsors to the effect that the increase in the number of industrial development field advisers would be without prejudice to the examination of the question by the Governing Council of UNDP, it felt that to be inconsistent with endorsing Industrial Development Board decision III (VII). With regard to paragraph 3 of the draft resolution, and to document A/C.2/L.1303, his delegation remained opposed to financial and administrative autonomy for UNIDO and to the establishment of a special industrial development fund. Development efforts throughout the United Nations system required more cohesion and less autonomy, and UNDP should retain the central responsibility for all technical assistance. However, as the sponsors had not pressed for a decision at the current stage, his delegation had ab-

<sup>1</sup> See A/CONF.60/SR.1.

stained on paragraph 3, rather than opposing it, and had supported the draft resolution as a whole.

24. Mr. ROUGÉ (France) said his delegation had abstained on the draft resolution as a whole, and on paragraphs 3 and 4. He shared the scepticism of many delegations about the establishment of a special fund and the granting of financial and administrative autonomy to UNIDO; administrative decentralization would seem sufficient. However, his delegation had no objection to a review of the matter, on condition that it was impartial. His delegation would have opposed paragraph 2 of the draft resolution had a separate vote been taken, since it felt that the question could more appropriately be discussed in the Fifth Committee, where his delegation would oppose any similar recommendation for reasons it had stated elsewhere.

25. Mr. SKOGLUND (Sweden) said his delegation had voted for the draft resolution as a whole, but had had reservations regarding some paragraphs of it. The draft resolution implied approval of three Industrial Development Board decisions on which the Swedish delegation to UNIDO had abstained. His delegation could support the increase in the regular programme of technical assistance of UNIDO referred to in paragraph 2, since it would be used for special measures in favour of the least developed among the developing countries. However, if the Fifth Committee did not approve an increase in section 19 of the United Nations regular budget to cover the increased allocation to UNIDO, his delegation reserved the right to review its position with regard to the distribution of funds under that section.

26. His delegation doubted the desirability of setting up a special industrial development fund, since the continued financing of industrial development through UNDP would enable the developing countries to integrate such assistance with their other priorities through their country programmes. Despite its positive attitude to the strengthening of the field adviser service, his delegation felt that paragraph 4 of the draft resolution, even as revised, prejudged the outcome of the discussions in the Governing Council of UNDP, and had accordingly abstained in the vote on it. His delegation could support paragraph 5 on the understanding that the amount to be allocated to the new component relating to industrial co-operation among developing countries would not exceed the amount of \$200,000 initially suggested.

27. Mr. GALLARDO MORENO (Mexico) said his delegation's understanding of paragraph 2 of the draft resolution was that the use of the additional funds it requested would be restricted to those areas referred to in decision I (VII).

28. Mr. CAVAGLIERI (Italy) said his delegation had voted for the draft resolution as a demonstration of its continued support for UNIDO, to which Italy was a major contributor. However, it was in general opposed to the establishment of special funds, and would have preferred a decision regarding an industrial development fund to be taken when UNIDO had consolidated its structure and adopted more comprehensive guidelines for action. Accordingly, it had abstained in the vote on paragraph 3. It had voted for paragraph 4 on the understanding that the action would be cautious and carefully considered.

29. His delegation had voted in favour of document A/C.2/L.1303, since it could agree to the Secretary-General preparing a report on the granting of administrative and financial autonomy to UNIDO. However, its vote should not be construed as affecting the substance of the issue and it believed that, before any changes were made, UNIDO should consolidate its structure and adopt clearer guidelines for its activities.

30. Mr. MACKENZIE (United Kingdom) said his delegation had abstained on the draft resolution as a whole. Had there been a separate vote on paragraph 2, his delegation would have voted against it for reasons similar to those stated by other delegations. His delegation was opposed to the request made of the Secretary-General in document A/C.2/L.1303.

31. Mr. ALLEN (United States of America) said his delegation had abstained on the draft resolution as a whole, and would have voted against paragraph 2 had it been put to a separate vote. His Government was opposed in principle to funding technical assistance from the regular budget, and would prefer to see section 19 of the budget reduced each year as its activities were progressively transferred to UNDP and other appropriate organizations. His delegation had voted for paragraph 3, since it did not object to a report being prepared; however, its attitude to the special industrial development fund would depend on the nature of the proposal ultimately made. It had opposed paragraph 4, since unilateral action by the Executive Director at the present stage would prejudice consideration of the question of field advisers by the Governing Council of UNDP at its seventeenth session.

32. Mr. CHELLE (Uruguay) said his delegation would have been in a position to support the amendment suggested by the delegations of Bolivia and Paraguay to paragraph 2 of the draft resolution (see paras. 6 and 7 above).

33. Mr. GEBRU (Ethiopia) said that, had his delegation been present during the voting, it would have voted for document A/C.2/L.1303.

34. Mr. KRYGER (Denmark) said his delegation had voted for the draft resolution as a whole, despite its reservations with regard to paragraphs 2, 3 and 4. At the seventh session of the Industrial Development Board, it had abstained on the three decisions which were now incorporated, in modified form, in the draft resolution. It had at that time expressed its concern at the increased volume of appropriations under part V of the United Nations regular budget, and it still felt that concern; however, it supported paragraph 2 in view of the fact that the additional resources would be used for special measures in favour of the least developed countries, and on the understanding that the regular budget as a whole would be increased by the necessary amount. His delegation had abstained in the vote on paragraph 3, since it felt that UNDP should be the main source of UNIDO's financing, and his Government would not be prepared to contribute to a special industrial development fund. It had also abstained on paragraph 4, since, despite the inclusion of the phrase "without prejudice to the examination of the question . . . by the Governing Council", it was not convinced that such was indeed the idea behind the paragraph.

## 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.1297):

## (a) Report of the Trade and Development Board

35. The CHAIRMAN said that the Committee would vote on draft resolution A/C.2/L.1297, as orally revised by the sponsors, who had requested a recorded vote.

36. Mr. ROUGET (Federal Republic of Germany), speaking in explanation of vote before the vote, said his delegation did not believe that the goal the sponsors of the draft resolution had in mind could be reached by indexation of commodity prices or by linking them with prices of manufactures. Any increase in commodity prices which did not reflect the true pattern of supply and demand involved a risk that demand might decline, thus reducing the earnings of developing countries exporting those commodities. That view was shared by the Advisory Committee to the Trade and Development Board, which had stated in paragraph 13 of the report on its eighth session<sup>2</sup> that the possibility of attaining a price objective within the framework of an international commodity agreement would depend not merely on a political decision to adopt the price objective, but also on the conditions of demand for the commodity and on the possibilities for controlling the market through the regulation of supply. His delegation did not see how the proposed study would advance a solution of the problem, and would therefore vote against draft resolution A/C.2/L.1297.

37. Mr. VAN GORKOM (Netherlands) said his delegation would have preferred an opportunity to speak in a debate, rather than in explanation of vote, on the draft resolution, which it regretted it was unable to support. The representative of Jamaica had rightly stated that the problem of the indexation of prices had been repeatedly discussed in UNCTAD. However, the reason why so little action had been taken was not obstruction by developed countries, but the wish of all concerned to concentrate on the more practical questions of pricing policy and access to markets for commodities, and in particular on the forthcoming commodity consultations. His Government's view was that an approach through specific studies would not solve the problem. It failed to see how fixed price indices and automatic linkages could be achieved and maintained under existing market conditions. In any case, apart from the fact that the draft resolution did not consider the important aspect of the volume of trade between developed and developing countries, his delegation felt that such automatic linkages would not be in the interests of developing countries; in the first place such a system would, as a result of the necessary compensation adjustments, lead to an inflationary spiral, while mutual price fixing for export products between developed and developing countries would in fact limit the possibilities of developing countries obtaining better prices for their primary commodities and industrial products without having to accept higher prices for imported goods. In practice, in view of the extreme variety of exported goods and the constant changes in their quality, it would be virtually impossible to achieve a workable and globally applicable indexation system.

His delegation's views on the practical policy measures which should be taken to achieve the purposes the sponsors of the draft resolution had in mind had been stated at the 1540th meeting of the Committee, and included an integrated approach towards restructuring the international production pattern.

38. Mr. ROUGÉ (France) said that the subject referred to in the draft resolution was of the greatest importance. Prices in international trade determined the distribution of resources among countries, and were therefore a decisive factor in equitable international relations and the development of the third world. Apart from those general considerations, the disorderly movement of commodity prices, particularly with regard to food-stuffs, generalized inflation, and the uncertainty in exchange rates as a result of the collapse in the monetary system, all increased the concern felt by countries throughout the world at pricing problems.

39. The preamble to the draft resolution showed that its sponsors were aware of the effort the international community was currently making to overcome those difficulties. A primary purpose of IMF and UNCTAD was to create and maintain the conditions which would permit stable and equitable prices in international trade. His Government attached the greatest importance to their success, which was essential to the success of the International Development Strategy. France was actively engaged in the search for an international monetary system which would help control inflation and guarantee stable exchange rates, and had for more than 20 years advocated the organization of commodity markets in favour of the interests of developing countries.

40. However, his delegation did not think that the excessively simple method proposed in the draft resolution would help solve the vast and complex problems involved. The automatic linkage between two types of products ignored the whole background to the problem, including the absence of a properly functioning international monetary system, changes in cost prices and movements in supply and demand for the various products. In addition, it presupposed the existence of a world price administration, which no State was prepared to countenance; even within States, price fixing always encountered great difficulties. While sympathetic with the purposes of the draft resolution, his delegation felt that it should be studied in more depth. Since the sponsors insisted on a vote, his delegation would vote against it.

41. Mr. JONSSON (Iceland) said his delegation had considerable sympathy with the draft resolution. The indexation of prices of exports and imports of the developing countries merited close and favourable consideration by United Nations development organs, since far too little was known about the interrelationship of export and import prices in the developing world. While the statement in the last preambular paragraph that the structure and organization of the global import-export trade was significantly advantageous to the developed countries might seem too sweeping, his delegation felt that there was much truth in it. Nevertheless, more lengthy discussion on the substance of the proposal would have been advisable, with a view to achieving a compromise text which would satisfy all delegations. A full statement by the Secretary-General of UNCTAD on the proposed study

<sup>2</sup> TD/B/463.



would also have been useful. His delegation would therefore abstain in the vote on the draft resolution.

42. Mr. JABER (Jordan) said his delegation would vote for the draft resolution; it did not require the establishment of an automatic link, but simply called for a study which had been long awaited and was badly needed to further the work of UNCTAD and the other economic organs of the United Nations, and would also be extremely helpful in the review and appraisal of the International Development Strategy.

43. Mr. MACKENZIE (United Kingdom) said that the indexation of prices was among the subjects dealt with by the Advisory Committee to the Trade and Development Board and the Committee on Commodities. The report of the Advisory Committee was currently being considered by Governments, whose comments would help to guide that Committee in its continuing work. The proposal in the draft resolution was therefore redundant; in the form in which it was being pressed to the vote, after minimal consideration, his delegation would vote against it.

44. Mr. KRYGER (Denmark), speaking on behalf of the delegations of Finland, Norway and Sweden as well as his own, said that the problems of price relationships and the indexation of prices of commodities and manufactures were of great importance to the whole development process. The Nordic countries might have supported a draft resolution requesting the initiation of a study on the subject, but since the sponsors of the draft resolution had given no explanation of its implications and were unwilling to engage in meaningful debate on the details of the proposed study, they would be compelled to abstain in the vote.

45. Mr. BONAO (Ivory Coast) said his delegation would support the draft resolution, which simply requested a study on a subject closely related to the question of equity in international relations, without prejudging its results. Such a study would involve no additional cost, since it would be conducted as part of the regular activities of UNCTAD and would provide the General Assembly with facts on the basis of which it could take, if it so desired, the decision to establish a system for the indexation of prices. Such a system might be extremely complex, but that would not be known for certain until the study had been undertaken.

46. Mr. CAVAGLIERI (Italy) said his delegation had always been extremely sympathetic to initiatives in favour of the developing countries. However, the proposal in the draft resolution involved complex technical questions which should first have been discussed in a more appropriate context, and submitted to the Committee against a background of explanations and comments. A number of delegations had stressed the difficulty of calculating and establishing indices for commodity prices. Nevertheless, since the draft resolution merely requested a study, and did not involve a decision on the substance of the question, his delegation would abstain, rather than vote against it.

47. Mr. OGISO (Japan) said that indexation of the prices of products, particularly manufactured products, would be extremely difficult because of the many different elements which determined prices. For example, problems would arise in assessing the impact on prices of improved product quality. Fair indexation would be extremely difficult to achieve, and indeed his

delegation doubted the practical value of attempting it. Accordingly, it would abstain on the draft resolution.

48. Mr. BOMANI (United Republic of Tanzania) said his delegation did not believe that any issue was beyond the capability of the United Nations system to study. While it was aware of the difficulties which would be encountered in achieving the final goal of the draft resolution, it believed that an attempt should at least be made to study the situation, in view of the extent to which the developing countries had suffered from the inequality of prices for primary products as compared with manufactured goods. The reluctance of some delegations to agree that relevant information should be obtained through such a study was somewhat surprising. His delegation would vote for the draft resolution.

49. Mr. FERNANDEZ VILLAVARDE (Spain) said that his delegation would abstain in the vote on the draft resolution because, as previous speakers had said, it only requested the Secretary-General of UNCTAD to prepare a study for submission to the General Assembly at its twenty-ninth session. However, his Government had certain doubts about the terms of reference for the study, particularly the mention made in paragraph 1 of establishing a link between unit prices of imports and exports.

50. The CHAIRMAN announced that Madagascar wished to become a sponsor of the draft resolution.

51. Mr. GEBRU (Ethiopia) stressed the importance of the draft resolution and said that the arguments advanced by developed countries about the intractability of the question of indexation were not convincing. The draft resolution, which requested only that the Secretary-General of UNCTAD prepare a study, had no policy implications. He regretted that some delegations had not seen fit to change their position on the question, even though no more than a study was involved.

52. Mr. SANDERS (United States of America) said that his delegation would vote against the draft resolution, the meaning and ramifications of which were not clear. Indexation had taken on many complex meanings, and it was difficult to see how the study in question would interact with ongoing work on the subject. His delegation's vote should not be construed as reluctance on its part to discuss the complex question of indexation. The establishment of a link between export and import prices might not in fact serve the objectives of a fairer price structure, and might be disadvantageous for the developing countries.

53. Mr. KANDÉ (Senegal) said there was general agreement that the question was a vital one. It was therefore important to study ways and means of solving the related problems. In the light of the opposition voiced, his delegation was concerned about a possible delay in launching the study which should, on the contrary, be undertaken as soon as possible in order to solve a problem the importance of which was generally recognized.

54. Mr. SCHUPPUS (Togo) said that his delegation had no difficulty in supporting the draft resolution. The question of indexation had already been discussed by the Group of 77 in other forums, and the developing countries were devoting special attention to the distortion between commodity prices and the prices of manufactures imported from the developed countries,

which up to the present had chosen to relieve themselves of their responsibilities by showing a preference for vague recommendations. In that context, it was not surprising that the unfavourable treatment meted out to the products of developing countries resulted in continuing deterioration of their terms of trade. The draft resolution requested only that a study be undertaken with a view to ensuring fair and remunerative prices for the commodities of the developing countries, and no immediately applicable decisions were entailed. It was essential to work for the increase and stabilization of export earnings within the framework of a global plan that was accepted by the developed as well as the developing countries. His delegation appreciated the developed countries' assistance to the developing countries with a view to promoting the latter's economic expansion; however, it was somewhat illogical to furnish such assistance and at the same time maintain obstacles to economic expansion.

55. Mr. GARCIA BELAUNDE (Peru) said that his delegation would vote in favour of the draft resolution. It was hard to understand why there was so much resistance to a study on a question of such importance to the developing countries.

56. Mr. DELIVANIS (Greece) pointed out that, as a result of inflation, the prices of commodities and some agricultural products had increased by 51 per cent in one year, whereas those of industrial products had increased much less during the same period. Looking at the draft resolution from the standpoint of an economist, he noted that the study requested was far too complicated; the analysis might produce interesting theoretical conclusions, but those conclusions would have no value for national policies and the development strategy. Consequently, his delegation regretted that it would not be able to vote in favour of the draft resolution.

57. Mr. DELPREE CRESPO (Guatemala) said that the draft resolution went no further than to request the Secretary-General of UNCTAD to prepare a study on price indexing. The information that such a study would make available would be useful for the establishment of more equitable trade relations. Although he recognized that preparation of such a study would be no easy task, the question was one of considerable importance and his delegation would therefore vote in favour of the draft resolution.

*At the request of the representative of Jamaica, a recorded vote was taken on draft resolution A/C.2/L.1297, as orally revised.*

*In favour:* Afghanistan, Albania, Algeria, Argentina, Bahamas, Bahrain, Barbados, Bhutan, Bolivia, Botswana, Brazil, Burma, Burundi, Cameroon, Central African Republic, Chad, China, Colombia, Congo, Costa Rica, Cuba, Cyprus, Dahomey, Democratic Yemen, Dominican Republic, Egypt, Ethiopia, Fiji, Gabon, Ghana, Guatemala, Guinea, Guyana, Haiti, Honduras, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Jamaica, Jordan, Kenya, Khmer Republic, Kuwait, Laos, Libyan Arab Republic, Madagascar, Malawi, Malaysia, Mali, Malta, Mauritania, Mexico, Morocco, Nepal, Nicaragua, Niger, Nigeria, Oman, Pakistan, Panama, Paraguay, Peru, Philippines, Portugal, Qatar, Romania, Rwanda, Senegal, Sierra Leone, Singapore, Sri Lanka, Sudan, Syrian Arab Republic, Thailand, Togo, Trinidad and Tobago,

Tunisia, Uganda, United Arab Emirates, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia, Zaire, Zambia.

*Against:* France, Germany (Federal Republic of), Greece, United Kingdom of Great Britain and Northern Ireland, United States of America.

*Abstaining:* Australia, Austria, Belgium, Bulgaria, Byelorussian Soviet Socialist Republic, Canada, Czechoslovakia, Denmark, Finland, German Democratic Republic, Hungary, Iceland, Ireland, Italy, Japan, Mongolia, Netherlands, New Zealand, Norway, Poland, South Africa, Spain, Sweden, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics.

*Draft resolution A/C.2/L.1297, as orally revised, was adopted by 89 votes to 5, with 26 abstentions.*

58. Mr. SMIRNOV (Union of Soviet Socialist Republics), explaining his delegation's vote, said that his Government had consistently supported the efforts of the developing countries to eliminate unequal terms of trade between them and the developed capitalist countries, and to eliminate artificially unequal prices. As a result of inequitable terms of trade, the developing countries sustained losses that had an adverse effect on their development. His delegation was therefore in favour of continuing, within the framework of UNCTAD, to seek an appropriate solution which should include extension of the practice of international commodity agreements. However, it had some doubts about focusing the study exclusively on the establishment of an automatic link between unit prices of imports and exports. Apart from the feasibility of the idea, it was not appropriate at the present time to prejudge the results of the study as leading to such an automatic link. The study should be conducted within the framework of the UNCTAD Committee on Commodities, and not within that of IBRD, whose reputation had already been mentioned by the Cuban and other delegations. His delegation had therefore abstained in the vote on the draft resolution.

59. Mr. MÜEZZINOĞLU (Turkey), explaining his delegation's vote, said that Turkey, as a developing country, had always supported the view that a substantial increase in the export earnings of the developing countries should be achieved in order to facilitate their development. During the general debate and on other occasions, his delegation had indicated its concern that the developing countries' share in the aggregate volume of world trade had declined during recent years and that the terms of trade had in general been unfavourable to the development efforts of the developing countries, and had urged improvement of prevailing practices as well as consideration of the additional development financing needs of those countries when preparing the new monetary system. It still held the same views, shared by the other developing countries, and hoped that ways and means would be further elaborated. However, it had hesitations about the extent to which the draft resolution just adopted would serve that end. It would have wished for more time to discuss the proposal in detail and to clarify certain points of the complicated approach taken. For that reason, it had been obliged to abstain in the vote. However, as he had indicated earlier, it favoured the aim of the draft resolution in principle and therefore reserved its right to ex-

press its views when the proposed study was completed.

60. Mr. PATRICIO GOUVEIA (Portugal) said that his delegation had voted in favour of draft resolution A/C.2/L.1297. Despite the doubts that might exist in connexion with the difficulty of conducting such a study, the question of export prices was fundamental for the developing countries and would have to be studied if the related problems were to be solved.

61. The CHAIRMAN said that the Committee had concluded its discussion on draft resolution A/C.2/L.1297. The remaining draft resolutions concerning item 51 would be considered at a later stage. He expressed his appreciation to the two Vice-Chairmen for their effective assistance in the informal consultations held on the draft resolutions upon which the Committee had already taken a decision.

62. Mr. ABHYANKAR (India) said that informal discussions were still being held on a draft resolution concerning the multilateral trade negotiations. It should be possible, perhaps with the assistance of one of the Vice-Chairmen, to produce a text which could be adopted by consensus. He therefore hoped that it would be possible to continue the informal consultations, on the understanding that the draft resolution in question would be considered at the same time as the other outstanding draft resolutions related to item 51.

*It was so agreed.*

#### AGENDA ITEM 12

**Report of the Economic and Social Council [chapters II to IV, V (sections A, C and D), VI to XX, XXI (section B), XXV and XXVII to XXIX] (A/9003 and Corr.1, A/C.2/285)**

**UNITED NATIONS REVOLVING FUND FOR NATURAL RESOURCES EXPLORATION (A/C.2/282, A/C.2/L.1288, A/C.2/L.1302)**

63. Mr. NDUNG'U (Kenya) said that his delegation had had the opportunity to express its views on the establishment of a United Nations revolving fund for natural resources exploration during the general debate in the Committee (1521st meeting). At the present stage, therefore, he would limit himself to introducing draft resolution A/C.2/L.1302 on behalf of its sponsors. Numerous consultations had been held with a number of delegations, and the text of the draft resolution was not the work of any one delegation. Some of the paragraphs had been suggested by non-sponsoring delegations that had promised support pending further instructions from their Governments as to sponsorship. Most delegations were familiar with the negotiations held on the revolving fund in various forums over the past three years.

64. He drew attention to two typing errors, in the fourth preambular paragraph and paragraph 6.

65. The first preambular paragraph referred to Council resolution 1762 (LIV), the text of which was transmitted to the members of the Committee by a note by the Secretary-General (A/C.2/L.1288). The second preambular paragraph reiterated a concept that needed

no elaboration, because increased use of natural resources for the benefit of mankind was the essence of development and was therefore particularly important for the growth of the economies of the developing countries. The third preambular paragraph emphasized the basic principle and unique character of the fund, namely, its revolving nature. The revolving fund would be the first United Nations fund that would be self-replenishing, based on the exercise of self-help by the developing countries. If a small developing country like Kenya was able to achieve success in implementing self-help projects in several fields, the world body should be able to do wonders in efforts jointly undertaken by developed and developing countries in the field of natural resources exploration. The phrases "revolving nature" and "self-help principles" in the third preambular paragraph were taken from Council resolution 1762 (LIV). The fourth preambular paragraph emphasized the need for voluntary contributions, particularly from the major donor countries, in order to launch the fund. Such contributions would be welcome from all countries, governments, intergovernmental and non-governmental institutions, organizations or individuals.

66. Paragraph 1 sought to implement paragraph 1 of Council resolution 1762 (LIV).

67. Paragraph 2 reflected the sponsors view that it would be futile for the General Assembly to become involved in the details of administrative arrangements and operational procedures, since most representatives were not experts in such matters. During the consultations some delegations had considered that such arrangements and procedures should be worked out either by the Administrator of UNDP or by the Secretary-General and the Administrator together. The sponsors considered that the Secretary-General should have the over-all responsibility, but that the two bodies should undertake the task together.

68. Paragraph 3 was self-explanatory and was based, *inter alia*, on paragraph 1 (h) of Council resolution 1762 (LIV). The operative phrase in the second part of the sentence was "if necessary". The pledging conferences might be organized simultaneously with an existing conference such as the UNDP Pledging Conference.

69. Turning to paragraph 4, he said it was the earnest hope of the sponsors that IBRD and its affiliates would give maximum financial support to a unique fund which the developing countries had firmly committed themselves to maintaining from their own resources after the initial financial boost by the developed countries, most of which had expressed their general support of the fund.

70. Paragraph 5 meant only that any country could send its contribution to the Secretary-General as soon as the draft resolution had been adopted. The sponsors considered that contributions should be in convertible currency except in extraordinary circumstances.

71. Paragraph 6 took account of the fact that, while the over-all responsibility for the preparation of policy guidelines should lie with the Secretary-General, the Administrator of UNDP would be responsible for ex-



ecuting the principles and guidelines to be formulated. The second part of the sentence had been added to make it clear that the operational activities could not start before the report by the Secretary-General and the

Administrator of UNDP had been adopted by the Governing Council of UNDP at its eighteenth session.

*The meeting rose at 5.50 p.m.*

## 1554th meeting

Monday, 12 November 1973, at 10.50 a.m.

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

A/C.2/SR.1554

### AGENDA ITEM 49

**Operational activities for development (A/9003 and Corr.1, chap. VI):**

- (a) United Nations Development Programme (E/5256 and Corr.1, E/5365/Rev.1);
- (b) United Nations Capital Development Fund;
- (c) Technical co-operation activities undertaken by the Secretary-General;
- (d) United Nations Volunteers programme (E/5342);
- (e) United Nations Fund for Population Activities;
- (f) United Nations Children's Fund;
- (g) World Food Programme (A/9003/Add.1 (part IV); A/9031, A/C.2/L.1298)

1. Mr. PETERSON (Administrator of the United Nations Development Programme) said that, according to the conclusions which had been drawn from the first review and appraisal of the Second United Nations Development Decade, the cause of development appeared to have lost its momentum and had become a low priority issue in many developed countries.

2. Parallel with that evolution, it appeared that the growth rate of military expenditures throughout the world was tending to decrease because of the increasingly insupportable burden which such expenditures represented for many countries. Even though it was unrealistic to expect rapid progress towards disarmament, it was not excluded that development assistance would benefit from some reduction in military appropriations. If the six developed countries which were the most powerful militarily decided to allocate 5 per cent of their military budget to development assistance, the resources available for such assistance would be more than doubled. If that hope were realized, UNDP would use the additional resources to expand and intensify its global, regional and country programmes.

3. With regard to country programmes, recipient Governments were required to identify key problem areas and determine which development efforts should be emphasized to accelerate their economic growth and maximize benefits. The Governments of the countries concerned had the exclusive responsibility for the formulation of their national development plans. However, it was on the basis of the objectives and priorities set out in those plans that Governments, in co-operation with UNDP, formulated the programmes for the countries concerned. Country programming also encouraged closer co-ordination between bilateral and multilateral technical assistance. But UNDP could assist Governments in strengthening their aid co-

ordination capacity only at their request and it was up to the Governments to determine the form and the function of the co-ordinating machinery. The country programming procedures had required UNDP to shift responsibility away from Headquarters to the resident representatives and had led to the establishment of 100 professional staffs in as many different countries.

4. Country programming had also required UNDP to develop effective procedures for monitoring, reporting and evaluating field activities. The system of tripartite review enabled government officials, the resident representative and the specialist staff of the executing agency to identify implementation problems and to agree on solutions. The experience gained from those systematic reviews led to an improvement in future project formulation and implementation. But country programming could not be an end in itself; if it was to be effective, it must be accompanied, at the national level, by measures designed to strengthen economic independence.

5. Given increased resources, UNDP would also be able to strengthen regional, interregional and global projects. It was in those areas that UNDP could provide assistance of the greatest benefit to low-income countries, particularly to the least developed among them. UNDP's global projects were concerned mainly with agricultural research. Research centres had been established, for example, in Mexico and India, to develop new varieties of higher yielding seeds, and efforts were currently being made to transmit the results of that research to the developing countries. However, agricultural research was also not an end in-itself. Unless farmers were provided with an adequate water supply, as well as fertilizer, pesticides, credit facilities and the necessary infrastructure, they would never be able to realize the potential of the new varieties of rice, wheat and corn. In many countries, for example, rice yields had increased only very slowly.

6. Parallel with those agricultural research efforts, UNDP should also help to establish research centres to develop new uses for existing products, create new products and locate new markets for familiar commodities. Cotton, for example, was of cardinal importance to many low-income countries. So far, cotton had been cheaper than synthetic fibres, but that advantage was now tending to disappear gradually and research should therefore be undertaken with a view to finding new uses and new markets for cotton. The whole international community should contribute to such research by providing financial support and technical guidance,