

tions should cover all agricultural and raw material products, whether in their natural, semi-processed or processed form. Australia was prepared to make concessions commensurate with the advantages it might receive.

56. One way of achieving greater stability in primary commodities was to negotiate international commodity agreements covering production, market access and price. That question had been the subject of intensive negotiations in UNCTAD; it had been difficult to draw up a list of commodities to be included in the consultations, but Australia was ready to accept any list generally supported by the developing countries. It was pleased to note that talks on some commodities had already begun. Cocoa was already the subject of an agreement negotiated under UNCTAD auspices and all the major importers should ratify it as soon as possible.

57. It was also to be hoped that the obstacles to negotiations with a view to a new sugar agreement could be removed. Import policies which would finally be adopted by EEC would have a considerable effect on the future of the sugar trade. Because of the entry of the United Kingdom into the Community, new arrangements would have to be made concerning sugar exported by the Commonwealth countries. Australia accepted that its quota under the terms of the sugar agreement between the Commonwealth countries should be phased out over the transitional period following the entry of the United Kingdom into the Community. It considered that the 13 other sugar producers of the Commonwealth, which were all developing countries, should have their sugar exports assured under new agreements with the Community. That was a complex problem but the solution was extremely important since, for most exporting countries, there was no alternative crop offering the same return or, in particular, the same number of jobs.

58. As to monetary matters, Australia felt that a new international system should be established to facilitate the continued growth of trade and industry. It would prefer a par system, provided that it worked; it would therefore be ready to accept a system which provided not only for flexibility but also for the possibility of floating exchange rates in certain circumstances. Experience had shown that floating rates, although far from being a panacea, offered some advantages and

that, in any case, the world would have to learn to live with them until some action was taken to reduce the enormous short-term capital flows which had upset the previous system.

59. Australia considered that special drawing rights (SDRs) should be the hub of the new system, but it was ready to consider sympathetically demands of developing countries for a higher proportion of SDR allocations. It also supported the demands of those countries for improved IMF balance-of-payments support facilities. The Trade and Development Board should discuss that question.

60. Australia had followed with interest the work of UNCTAD on transfer of technology, and the Intergovernmental Group dealing with that matter would at its next session, the third, discuss the possibility of setting up a standing committee and also of drafting an international code of conduct on transfer of technology. Australia had no objection to the latter idea but felt it would be better to draw up a set of voluntary principles rather than a binding convention.

61. As to the question of transforming UNCTAD into an all-embracing international trade organization, his delegation doubted that an organization of that type would have any advantage over UNCTAD, and it would not agree to the winding-up of GATT. In its view, no change should be made in the organization of UNCTAD until there had been time to observe how the machinery established under resolution 80 (III)⁸ functioned.

62. It was to be hoped that the Committee on Manufactures would complete its work on non-tariff barriers as soon as possible, so that the question would not be simultaneously considered in UNCTAD and in the framework of multilateral trade negotiations. Australia supported the idea of drawing up a Code of Conduct for Liner Conferences. As one of the sponsors of the Board's resolution 101 (XIII) (see A/9015 (part III), annex I) on the problems of developing island countries, Australia felt that measures in their favour would supplement the action taken to help the least developed and the land-locked countries.

The meeting rose at 5.25.

⁸ *Ibid.*, annex I.A.

1543rd meeting

Wednesday, 31 October 1973, at 10.50 a.m.

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

A/C.2/SR.1543

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) Report of the Trade and Development Board

1. Mr. CORDOVEZ (Secretary of the Committee) said, in connexion with draft resolution A/C.2/L.1295,

that in view of the fact that the title of UNCTAD resolution 45 (III) in the original Spanish had indeed read as the representative of Mexico had indicated at the Committee's previous meeting, all references to the charter should read "Charter of economic rights and duties of States". An error had been made in the translation of resolution 45 (III) and also in a number of subsequent documents, which had led to the insertion of the word "the" between the words "of" and

"economic" in the title of draft resolution A/C.2/L.1295. That error would be immediately corrected.

2. Mr. GONZALEZ GALVEZ (Mexico) pointed out that, for the sake of consistency, the word "the" should be deleted from all references to the charter in the draft resolution.

3. Mr. CORDOVEZ (Secretary of the Committee) said that, for reasons of economy, it was not intended to issue a corrigendum to the document A/C.2/L.1295. However, should the sponsors of the draft resolution revise the text, the correction would be incorporated in the revised version, as it would be, in any case, in the Committee's report.

4. Mr. UDOVENKO (Ukrainian Soviet Socialist Republic) said the activities of the Trade and Development Board during the past year had been characterized by an intensification of efforts to solve the problems of contemporary international trade and economic relations. His delegation considered that one of the main functions of UNCTAD should be to promote the development of trade relations among countries having different economic and social systems. That cause would be served by the implementation of the "agreed conclusions" of the third session of UNCTAD. Also, given the current promising climate of *détente* in international relations, the work of Sessional Committee II should be continued.

5. Strict adherence to the principle of equality and mutual benefit would enhance the effectiveness of such important international instruments as a charter of economic rights and duties of States. His delegation supported the extension of the mandate of the Working Group on the Charter (see A/9213). UNCTAD could also contribute to the realization of that principle through the preparation of a code of conduct for liner conferences and a convention on international intermodal transport, and through an investigation of the activities of transnational companies and the control of foreign investments.

6. One of the most serious problems of international trade relations was the position of the developing countries in the world-wide capitalist division of labour. The developing countries were suffering increasingly from the fact that the rate of growth of their exports to the developed capitalist countries was not keeping pace with the rise in the price of finished goods they imported from those countries. Natural market forces continued to act to the detriment of the developing countries mainly because their economies were still linked to the industrialized capitalist States, which took three quarters of the output of the third-world countries. The industrial Western Powers maintained a system of trade measures and tariffs designed to perpetuate that situation. The invisible trade balance of the developing countries was also adversely affected by their trading relations with the Western world. UNCTAD should conduct a systematic investigation into the influence of invisibles and the inflow and outflow of capital, particularly in the form of profits and dividends, on the financial situation of the developing countries.

7. The reasons for the continuing economic and trade problems of the developing countries had been clearly set out at the fifth special session of the Trade and Development Board (see A/9015 (part I)). In that con-

nexion, the socialist countries continued to support the just demands of the developing countries for compensation from the Western Powers for the detrimental effects of all the various forms of colonialism and neo-colonialism. It was also of great importance that the developing countries themselves should initiate wide-ranging internal social and economic changes, limit the influence of foreign capital and increase the role of planning and of the State sector in the management of their domestic economies and foreign trade.

8. The role of UNCTAD was not merely to defend the interests of the developing countries but also to bring about substantive improvements in international economic relations in general. Accordingly, his delegation supported the efforts now being made within UNCTAD to evolve new concepts and regulations with a view to reforming the system of international economic relations. The role played by UNCTAD in the settlement of international monetary and trade problems should be increased, and arrangements should be made for the equal participation of all interested States in the settlement process.

9. The socialist countries continued to expand their trade with the developing countries in terms of both imports and exports. The developing countries should grant their socialist partners the same trading conditions as they accorded to the developed capitalist countries. Although certain problems still remained, the past year had also seen a significant advance in East-West trade. His delegation hoped that that trend would continue, for it was hardly normal that trade between the developed capitalist countries and the socialist countries, which together produced approximately nine tenths of world output, should account for only 3 per cent of total international trade.

10. The Ukrainian SSR and the other socialist countries were firmly resolved to participate actively in the search, both within UNCTAD and elsewhere, for new and effective measures to bring about the further normalization of international trade and the development of international co-operation. An important and necessary step in that direction would be the normalization of relations between the CMEA countries and the capitalist developed countries.

11. The need for co-operation between countries having different social systems was further dictated by the need to strengthen international peace and security. The implementation of effective measures to curb the armaments race, as a prerequisite for general and complete disarmament, would release substantial resources for social and economic development. In that respect, he recalled the specific proposal by the USSR 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). UNCTAD should study the possibilities resulting from that proposal, particularly in view of the decision by the Trade and Development Board at its thirteenth session (see A/9015 (part III), para. 24) to ask the Secretary-General of UNCTAD to keep the trade and economic aspects of disarmament under constant review.

Mr. González Arias (Paraguay) took the Chair.

12. Mr. WRIGHT (Canada) said his delegation welcomed the constructive spirit shown during sessions of

the Working Group on the Charter of Economic Rights and Duties of States. It fully supported the recommendation that the Working Group should be reconvened and it would co-operate fully with other delegations in seeking a meaningful and viable charter which would command broad support.

13. The Working Group, after the success of its two sessions held at Geneva (12-23 February and 13-27 July 1973) was now at a turning-point in the development of the draft charter. If its members could direct their efforts to further identification of generally accepted norms to govern international economic relations, confining themselves at the current stage to the recognition that economic rights and duties were a legitimate corollary of such norms, the draft charter might well command international support. Canada not only regarded codification of international economic law as important, but was prepared to welcome a progressive development of international economic law as a significant step in the development of international relations.

14. With regard to substantive issues which might be included in the charter, his delegation was prepared to discuss any topic in the economic sphere. Canada's objective was to ensure that the principles included in the charter reflected and were consistent with the progressive development of international law and the changing international environment. To concentrate solely on economic and social development issues in drafting the charter might be to duplicate the ongoing review and appraisal of the International Development Strategy for the Second United Nations Development Decade (agenda item 46). In the view of his delegation, the charter should be judged by the universality of the principles of international economic relations it set forth and the extent to which it established shared responsibility and equal rights and duties of all States. Canada hoped that draft resolution A/C.2/L.1295, of which it had become a sponsor, would be adopted by consensus.

15. Mr. FERGUSON (United States of America) said that his delegation would participate without preconditions and in a spirit of co-operation in the search for solutions to the emerging problems to which the Secretary-General of UNCTAD had referred in his opening statement. It urged only that others should adopt the same approach. It also welcomed the offer of support in the preparations for a world food conference, by the Secretary-General of UNCTAD.

16. He recalled the comments made by the Secretary of State of the United States concerning a charter of economic rights and duties of States in his statement to the General Assembly on 24 September (2124th plenary meeting). It was in the spirit of that statement that his delegation welcomed draft resolution A/C.2/L.1295. He hoped that the words of the Secretary of State would dispel any feeling that his Government was implacably opposed to the idea of a charter. His delegation intended to maintain its active role in the Working Group and hoped that a balanced declaration of principles would emerge which would obtain universal support and provide a useful guide to international economic relations between the developed and the developing countries, between industrialized and non-industrialized economies and between market and non-market economies.

17. While his delegation fully supported the draft resolution, it could not now support a proposal for a document of a legally binding nature. Accordingly, it welcomed the suggestion by the representative of Mexico that the sources of international law should be examined (1542nd meeting, para. 36). It was prepared to participate in such a study, for it realized that the title of a document did not determine its status in international law.

18. His delegation appreciated the position of the Secretary-General of UNCTAD and of the Conference itself with regard to the International Cocoa Agreement, 1972. His Government would co-operate to the greatest possible degree with those who were parties to the Agreement but, for reasons which had already been made clear, it could not itself become a party to it.

19. Mr. DIALLO (Upper Volta) said that he fully agreed with the views of the Secretary-General of UNCTAD concerning commodities, and particularly cocoa. The current boom was only a temporary phenomenon, and it was essential that all States should do their utmost to bring the Cocoa Agreement into force as soon as possible if those developing countries whose economies were heavily dependent on cocoa were not to suffer. He again urged all States which had not done so to become parties to the Agreement without delay.

20. No effort should be spared, particularly by the developed countries, to incorporate the relatively modest objectives of the Second United Nations Development Decade in the aims and objectives of the negotiations currently in progress within GATT and IMF and between EEC and the countries which were or might be associated with it. UNCTAD had played an outstanding role in ensuring, through the adoption of its resolutions 82 (III) and 84 (III),¹ that the developing countries were able to participate in the negotiations on multilateral trade and on the reform of the international monetary system. He hoped that that policy would be continued in the future.

21. The developing countries in general hoped that the multilateral trade negotiations would lead to a substantial improvement in their share of world trade and in their export earnings. The least developed countries, in particular, hoped that the outcome would be the adoption of specific special measures in their favour. Order in the international monetary system should be restored as soon as possible. The very close interdependence between monetary, financial and trade matters should always be borne in mind, and his delegation doubted whether the Secretary-General of UNCTAD could guarantee the necessary co-ordination through informal consultations between himself and the executive heads of IMF and GATT. The matter should be handled, as the African Group had recommended at the Board's twelfth session,² by an intergovernmental organization representing the interests of both the developed and the developing countries.

22. The Upper Volta, like other developing countries, considered a link between special drawing rights and additional development finance to be an essential part of any new international monetary system. The latest

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

² See *Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 15*, part one, para. 48.

IMF study on the question of such a link should dispel the concern of some developed countries that it might lead to excess liquidity and aggravate inflation. His delegation felt that the technical discussions on the matter were now complete and that all that was required was a political decision at the level of the Committee of 20. The developing countries also suffered from an inadequate inflow of capital. In that respect, his delegation welcomed the establishment of an *Ad Hoc* Group of Government Experts, in accordance with resolution 5 (VI), of the Committee on Invisibles and Financing related to Trade,³ to seek a solution to the problem of the increasing debt burden. The United Nations should also, as a matter of urgency, prepare international codes of conduct for multinational corporations and for the transfer of technology from developed to developing countries. His delegation hoped that the planned intensive intergovernmental consultations on commodities would begin soon and that they would solve the outstanding problems in that area not yet covered by international agreements.

23. His delegation welcomed the moves made to implement the UNCTAD resolutions concerning special measures in favour of the least developed countries and hoped that all members of the international community would soon supplement their words by deeds. Both the market economy countries and those in group D (Socialist States) should make an urgent effort to implement resolutions 62 (III) and 63 (III)⁴ with regard to technical and financial assistance and trade policy.

24. His delegation shared the views expressed earlier by the representative of Nepal, for it considered that the least developed and the land-locked countries had very similar problems. Those countries in particular, and the developing countries in general, would benefit from increased economic co-operation and regional integration. That view had been clearly expressed in the various regional and subregional meetings of recent months and due account should be taken, in instituting such a policy, of the recommendations made by the various geographical groups, the non-aligned countries and the Working Group set up by the Governing Council of UNDP at its fifteenth session.⁵ The international community should actively encourage all efforts to promote regional co-operation, and UNCTAD should continue to assist by helping the countries involved to identify and eliminate tariff and non-tariff barriers to trade between them.

25. The other agencies of the United Nations system should delay no further in implementing the relevant recommendations of the third session of UNCTAD. In particular, IMF should establish the special facility mentioned in resolution 48 (III)⁴ to promote trade expansion and regional integration among the developing countries. The developed countries should increase their contributions to the Special Funds of the African, Asian and Inter-American Development Banks.

26. His delegation had supported the suggestion to draw up a charter of economic rights and duties of

States, made by the President of Mexico at the third session of UNCTAD, and it now welcomed draft resolution A/C.2/L.1295 designed to extend the mandate of the Working Group.

27. Mr. DELIVANIS (Greece) observed that the Committee's central problem, which was also of world-wide concern, was how to promote economic development as speedily as possible and with a minimum of adverse effects. The prime motive for establishing UNCTAD had been to put into practice the concept of "trade not aid", although it was now recognized that both trade and aid were needed. It had initially been thought that simply removing tariff discrimination, in the broad sense of the term, would open up world markets to the products of developing countries, but it should have been realized that there was also a need for the countries which had formerly monopolized foreign trade to make purchases from developing countries, even when they could obtain better terms elsewhere.

28. The purpose of UNCTAD was to ensure that the products of developing countries could find a market on preferential terms, provided that those countries could offer prompt delivery and meet the necessary quality standards. There was, of course, a great difference between a decision taken in an international forum and its implementation in specific cases, where suppliers in the developed countries would lose customers and would have to accept that adverse development in the interest of international solidarity. When businessmen lost markets, and hence income, in that way, there was a loss of tax revenue for the State concerned. A realistic approach to the problem must therefore be adopted, as the representative of the United Kingdom had emphasized.

29. He agreed with the representative of Australia that the best way in which the developed countries could make a large-scale contribution to world development was by increasing their trade, and hence their income and their capacity to furnish aid, provided that public opinion in those countries was aware of that commitment and accepted the consequence that some national needs would not be satisfied immediately, or even at all. His conclusion was, therefore, that the rampant inflation in developed countries of both East and West could contribute to development by allowing the absorption of more of the products of developing countries.

30. Mr. ZAHARAN (Egypt) said that the Trade and Development Board, in its agreed conclusion 106 (XIII) (see A/9015 (part III), annex I), had recognized the interdependence of problems of trade, development finance and the international monetary system. However, the Board had not, perhaps, taken effective measures to improve the monetary and trade situation, which was particularly detrimental to the developing countries. The increase in the indebtedness of the developing countries, whose economies had been seriously affected by a number of events since the adoption of the International Development Strategy, including the monetary crisis, should have been given higher priority. The legitimate interests of those countries must be taken into account in the multilateral trade negotiations to be held under the auspices of GATT. A positive step had been the decision to allow States which were not contracting parties to GATT to partici-

³ See *Official Records of the Trade and Development Board, Thirteenth Session, Supplement No. 4* (TD/B/464), annex I.

⁴ 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.

⁵ See *Official Records of the Economic and Social Council, Fifty-fifth Session, Supplement No. 2*, para. 332.

pate in the negotiations, the aim of which was to liberalize world trade in such a way as to give additional benefits to the developing countries.

31. The interdependence of the monetary, trade and development fields necessitated co-ordination between them, the machinery for which should be set up within UNCTAD. Furthermore, a close link must be established between special drawing rights and the transfer of financial resources to the developing countries, thus ensuring for them a greater flow of multilateral public development finance. The link between special drawing rights and development finance would protect the least developed countries from the hazards of balance-of-payments difficulties.

32. His delegation was concerned at the slow rate of expansion of the shipping of developing countries and of their share in the carriage of world trade. Rising freight rates were particularly harmful to the trade of developing countries and to their attempts to diversify their exports and their markets. Co-operation with the developed countries would be promoted by a universally accepted code of conduct for liner conferences, which he hoped would be the outcome of the forthcoming United Nations Conference on this subject (12 November-14 December 1973).

33. Exceptional measures were required to provide, as a matter of priority, additional capital and technical assistance to the least developed and land-locked countries, and he welcomed UNDP's initiative in that respect. The methods and conditions of financial aid must be improved in order to ensure the more rapid economic growth of those countries. Decision 100 (XIII) (see A/9015 (part III), annex I) of the Trade and Development Board had been adopted to that end, but the measures proposed in paragraph 356 of the Board's report on its thirteenth session should also be taken. His delegation noted with satisfaction the report by the Secretary-General of UNCTAD on ways and means of improving the transport infrastructure and related transport problems of land-locked developing countries, and the report of the Expert Group on a transport strategy for land-locked developing countries, mentioned in paragraph 384 of the Board's report. In its view, the World Bank Group, and in particular IDA, should take steps to meet the investment needs of those countries with regard to transport infrastructure.

34. The action programme for the transfer of technology set up by the Intergovernmental Group on Transfer of Technology should be implemented concurrently with national, regional and international policies designed to facilitate the access of developing countries to the appropriate technologies on an equitable basis.

35. Egypt had taken an active part in the work of the Working Group on the Charter of Economic Rights and Duties of States, and was satisfied at the progress being made on that difficult problem. His delegation therefore supported the recommendation put forward in paragraph 20 of the report on the second session of the Working Group (see A/9015 (part III), para. 341) and had joined in sponsoring draft resolution A/C.2/L.1295. He rejected the idea that the charter should be a mere declaration of intent; in accordance with UNCTAD

resolution 45 (III),⁶ it was to be a binding legal instrument of world-wide scope.

36. His delegation had noted with satisfaction the study by the UNCTAD secretariat, entitled *The economic effects of the closure of the Suez Canal*,⁷ introduced at the sixth session of the Committee on Shipping, which highlighted the disruption of maritime traffic, the increase in freight costs and the impact on ports and international trade generally. Ocean freight costs had increased considerably between 1967 and 1971 because of the closure of the Canal, but so had insurance and other commercial charges, with the result that exports from the developing countries had become less competitive and their imports more expensive. The cumulative effects of the closure of the Suez Canal had helped to inhibit the general economic growth of many countries in Africa, Asia and Europe.

37. His Government had declared its readiness to reopen the Suez Canal, once Israel had withdrawn from the east bank. In its resolution 40 (III),⁸ UNCTAD had expressed the conviction that Israel's withdrawal from the occupied territories was a requisite for the reopening of the Canal and its continued operation in normal and peaceful conditions. However, Israel had launched a military attack on the west bank of the Canal, thus blocking any Egyptian attempt to liberate its Sinai territories and reopen the Canal to international shipping. Moreover, Israel continued to usurp the natural resources of the occupied Arab territories, in violation of the permanent sovereignty over such resources recognized by the Board in its resolution 88 (XII).⁸

Mr. Gabre-Sellassie (Ethiopia) resumed the Chair.

38. Mr. SEKULIĆ (Yugoslavia) said that both in plenary meetings and in the Second Committee, assessments had been made of the world economic situation and the state of international economic relations, and proposals had been submitted concerning further action to be undertaken by the international community in that respect.

39. There seemed to be a growing awareness that current international economic problems could be solved only through joint action within the United Nations system. The short-comings of the Organization could not be regarded as a pretext for the poor results achieved in the implementation of the various decisions so far adopted, including particularly the International Development Strategy; rather, the failure was due to the unwillingness of most of the developed countries to orient their policies towards meeting internationally assumed obligations.

40. The problems of accelerated development of the developing countries were the most urgent issues calling for the highest priority. That did not imply that all the other world problems were insignificant, but merely that special efforts must be made with a view to overcoming an anachronism, namely, a system which condemned the developing countries to stagnation and to relative lagging behind in their economic development. The International Development Strategy had been for-

⁶ 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.

⁷ Document TD/B/C.4/104/Rev.1 (United Nations publication, Sales No. E.73.II.D.13).

⁸ See *Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 15*, part one, annex I.

mulated with that purpose in mind, and an outstanding role in implementing it was played by UNCTAD. However, serious difficulties had arisen with regard to the review and appraisal of the implementation of the Strategy. No agreed position had been reached regarding the results so far achieved, and many proposals had been put forward calling for the revision of the very concept of the Strategy, particularly by the developed countries. Both those circumstances confirmed the views of those who contended that the political readiness necessary for the solution of development problems was still lacking.

41. With respect to proposals for introducing what had been termed new "qualitative targets", there could be no objection in principle, since the International Development Strategy was a dynamic concept that had to be continuously adapted to changing needs. However, it was premature to think of introducing new elements when the aims and objectives originally adopted were not being implemented. As the Minister for Development Co-operation of the Netherlands had stated at the 1540th meeting, the views of the developed countries would not be accepted unless they themselves accepted and carried out the goals and measures formulated in the Strategy. The developing countries were already striving to achieve maximum mobilization of their own resources for development, and the Conference of Heads of State or Government of Non-Aligned Countries, held at Algiers from 5 to 9 September, had called for the necessary structural and social changes.

42. Negotiations of crucial importance to the future of international economic relations were currently in progress, but their scope should be broadened to cover the whole range of trade, monetary and financial matters making up the world economic system. There must be a new system of world economic relations based on the equality and common interest of all countries, regardless of their degree of development or their economic and social systems.

43. The attitude of the developing countries to the multilateral trade negotiations could only be fully understood in the light of the fact that their interests could not be secured within the framework of the existing rules, but could only be met through exceptions to those rules. They wanted their interests to be integrated into the new system, but that could only be done if the principle was accepted that the terms of co-operation could not be the same for countries with different levels of economic development. Formal equality based on most-favoured-nation treatment and non-discrimination could no longer be an acceptable solution. The new system must be founded on the principles of preferential treatment, non-reciprocity and non-discrimination in relations between the developed and the developing countries. That did not apply only in the trade and monetary fields; it applied equally in other basic fields of international economic co-operation.

44. Although no agreement had been reached at the fifth special session of the Trade and Development Board concerning the assessment of the results achieved thus far in implementing the International Development Strategy, the unanimous appraisal made by the developing countries on that occasion was of great importance for future work on the question (see A/9015 (part I), paras. 191-215).

45. UNCTAD had played an important part in ensuring the participation of developing countries in the trade and monetary negotiations through the adoption of UNCTAD resolutions 82 (III) and 84 (III), which had helped to bring about the establishment of the Committee of 20 within the framework of IMF with the participation of developing countries. UNCTAD should continue to be involved in trade and monetary negotiations and help to ensure that decisions on monetary, financial and trade questions, which were interlinked, were dealt with in a co-ordinated manner. The present system of co-ordination between the Secretary-General of UNCTAD, the Director-General of GATT and the Managing Director of IMF should be made more effective.

46. His delegation was pleased that the Board had decided, in its resolution 97 (XIII), to hold intensive intergovernmental consultations on commodities, including coffee (see A/9015 (part III), annex I). UNCTAD must pay the same attention to the problems of all developing countries, particularly the least developed, so that they could derive equitable benefits from general measures undertaken in favour of all developing countries. The time had come for the speedy implementation of such special measures, as set forth in the Action Programme in UNCTAD resolution 62 (III) and other United Nations decisions. The same applied to the special problems of land-locked developing countries.

47. His delegation supported the proposal to extend the mandate of the Working Group on the Charter of Economic Rights and Duties of States. The charter should secure the right of each country to adopt the economic and social system most favourable to its development, and its right of national sovereignty over its natural resources and all its domestic economic activities. He associated himself with the views expressed by the representative of Mexico at the preceding meeting, when he had introduced draft resolution A/C.2/L.1295, of which Yugoslavia was a sponsor.

48. With regard to the transfer of technology to developing countries, few practical results had been achieved, although progress had been made in formulating measures and programmes. The time had come for action, and for the drawing-up of a code of conduct as well as new international legislation concerning technology. UNCTAD should establish a full committee to deal with those important activities.

49. UNCTAD also had an important task to discharge in promoting all forms of co-operation between the developing countries and the socialist countries, and Yugoslavia would give its full support in that area.

50. Despite its setbacks, UNCTAD had achieved much, and a tribute was due to its Secretary-General and his staff. UNCTAD had to deal with analyses of current economic situations, with difficult and almost continuous negotiations, and with new concepts and visions of a better future. He hoped that it would continue to perform its complex functions with increasing success.

51. Mr. OGISO (Japan) said that UNCTAD resolutions 82 (III) and 84 (III), adopted in 1972, had called for active participation of developing countries in the negotiations on multilateral trade and international monetary reform, in both of which the interests of those countries was at stake. Since then, steady progress had

been made: the Board of Governors of IMF had set up the Committee of 20, in which both developed and developing countries were represented; that Committee had submitted a first draft outline of the reformed international monetary system at the joint annual meeting of IBRD and IMF at Nairobi (24-28 September 1973); and 31 July 1974 had been set as the target date for the substantive agreement on the reformed monetary system, with the draft outline as the basis for further negotiations. Those developments demonstrated the active participation of developing countries in the monetary negotiations.

52. The full participation of developing countries in the multilateral trade negotiations had also been assured. Furthermore, the Ministerial Meeting of GATT in Tokyo (12-14 September) had stated that the developed countries did not expect reciprocity for any commitments they might make during the negotiations to reduce or remove tariff or other barriers to the trade of developing countries. That Meeting had also undertaken to secure additional benefits for the international trade of developing countries, so as to achieve a substantial increase in their foreign earnings, diversification of their exports, a faster growth rate of their trade, better opportunities for participation in world trade expansion and a more equitable share of the benefits of such expansion, through better market access for the products of interest to developing countries, and measures designed to bring about stable, equitable and remunerative prices for primary products. The Meeting had also recognized the need for special treatment of the least developed countries. Furthermore, it had been agreed that the Secretary-General of UNCTAD should participate in the multilateral trade negotiations. UNCTAD could also take satisfaction in the inclusion of the question of non-tariff barriers, and of all aspects of trade in agricultural products, in the coming trade negotiations.

53. In such developments, UNCTAD had come to play a key role; it had focused attention on the importance of the full participation of developing countries and had made clear the interdependence of problems of trade, development finance and monetary reform.

54. Closely related to the question of creating better international economic relations was the proposed charter of economic rights and duties of States. The last two sessions of the Working Group had done useful preparatory work, and Japan fully supported the Trade and Development Board's decision 98 (XIII) (see A/9015 (part III), annex I), recommending an extension of the Group's mandate so that it could hold two more sessions, of three weeks each, in 1974. The Working Group was the best forum for continued work on the drafting of the proposed charter, being better equipped than any larger body to try to reconcile the existing divergences. His delegation accordingly supported draft resolution A/C.2/L.1295. He wished to emphasize the importance of seeking consensus as the guiding principle of the work of the Group. He did not think that the General Assembly should decide on the legal status of the proposed charter at the current session. Japan would prefer a declaration, but it was too early for a final decision; more progress on the elements of the proposed charter was needed first.

55. With regard to the transfer of technology, the Trade and Development Board had made progress,

particularly in its institutional arrangements, by adopting resolution 104 (XIII) (*ibid.*), which requested the Intergovernmental Group on Transfer of Technology to discuss terms of reference for any eventual main committee of the Board to deal with the subject. The Board had adopted a more cautious approach to the proposed code of conduct, in view of the divergence of views on the matter. It must be borne in mind as a fact of life that technology was transferred mainly through private enterprise, and was closely related to the question of private investment. His delegation agreed that conditions relating to the transfer of technology should be appropriately regulated, both by the domestic legislation of recipient countries and through voluntary actions by technology-exporting companies, with a view to ensuring greater benefits for both importers and exporters. Japan was still one of the biggest importers of technology, and had a wealth of experience in that field; thus, it was able to understand the needs of developing countries for technology to meet development needs. Japan would carefully consider those countries' views concerning a code of conduct in that field, but in view of the great complexity of the question it needed careful study. UNCTAD should certainly continue to discuss the question.

56. Concerning aid to the least developed countries, he said that Japan had been doing what it could to help, in the light of UNCTAD resolution 62 (III). His delegation had been following with interest the proposal to establish a special fund for that purpose, but since that aspect of the question had been dealt with mainly within the framework of the Economic and Social Council and UNDP, it would express its views when the Committee took up the relevant items. Clearly, the preparatory work on the indicative planning figures for the next cycle of UNDP assistance was one of the central issues of the proposed special measures for the least developed countries. His delegation was also studying carefully the suggested transformation of the United Nations Capital Development Fund into a special fund for projects in the least developed countries.

57. Japan also sympathized with the position of developing island countries, but had misgivings about the very vague definition in the Board's resolution 101 (XIII) (*ibid.*) and the lack of clarity respecting the specific needs of such countries.

58. With respect to commodities, he said that, although Japan understood the importance for the developing countries of the export of primary products, it supported the position taken on the question by Group B at the thirteenth session of the Board (see A/9015 (part III), para. 139), that what was needed at the present stage was not negotiation but consultation and that agreement among all the groups within UNCTAD was a prerequisite for such consultations.

59. Mr. FREYBERG (Poland) said that UNCTAD's main task must be to create equitable conditions for the development of economic co-operation among all countries. There was clearly a close link between monetary and trade questions, and consequently UNCTAD must have a proper role in solving international monetary problems. Poland accordingly welcomed the decisions of UNCTAD at its third session and of the Trade and Development Board, on monetary questions.

60. It was important that UNCTAD should be able to influence the decisions to be taken during the forthcom-

ing multilateral trade negotiations and be able to watch over the interests of those countries that were not contracting parties to GATT.

61. UNCTAD had achieved much during the past year. The sectoral review of items within its terms of reference conducted at the fifth special session of the Trade and Development Board had undoubtedly facilitated work on review and appraisal issues at the fifty-fifth session of the Economic and Social Council and in the Working Party within the Second Committee at the current session. However, Poland considered that the Trade and Development Board should devote more attention to problems concerning the promotion of trade relations between countries with different social and economic systems. Now that improved international political relations had opened the way for expanded trade and economic relations between such countries, UNCTAD should increase its activities in that area.

62. From the outset, Poland had attached great importance to the proposed charter of economic rights and duties of States. The charter should create the conditions for a new and more equitable international division of labour, and for equal partnership in international trade. The interests of all countries should be taken into account, and the charter should create conditions for faster growth of developing countries.

63. Experience showed that rapid and harmonious development could only be ensured if the rules applied in international relations were based on equal partnership of all States, the elimination of all forms of discrimination, and respect for the sovereignty of each State over its natural resources. Those principles governed Poland's position in all the United Nations bodies.

64. Mr. ABHYANKAR (India), referring to draft resolution A/C.2/L.1295, said it was clear from the report of the Working Group on the Charter of Economic Rights and Duties of States that an immense amount of work still remained to be done, since the charter was to cover so wide a field. Furthermore, it appeared that, apart from the text concerning the least developed and the land-locked countries, no agreed text had been produced, but only possible alternative texts. Nevertheless, there was broad agreement on the subjects to be covered. Since there seemed to be some hope of eventual agreement, he would support the proposal that the mandate of the Working Group should be extended.

65. The CHAIRMAN announced that Gabon and Jamaica had become sponsors of draft resolution A/C.2/L.1295.

The meeting rose at 12.55 p.m.

1544th meeting

Thursday, 1 November 1973, at 3.20 p.m.

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

A/C.2/SR.1544

*Organization of the Committee's work (continued)** (A/C.2/286)

1. The CHAIRMAN recalled that at the 1537th meeting and again at the 1538th meeting, he had informed the members of the Committee of the decision taken by the General Assembly at its 2123rd plenary meeting on 21 September to refer to the Fifth Committee those portions of the reports submitted under agenda items 48, 49, 50 and 52 which related to administrative and budgetary questions, and had mentioned that he had had consultations with the Chairman of the Fifth Committee on the matter. He then drew the attention of the members of the Committee to a letter (A/C.2/286) which he had received from the President of the General Assembly and which contained the text of a decision taken by the General Assembly on the question of the respective competence of the Second and Fifth Committees with regard to items 48, 49, 50 and 52. That decision of the General Assembly had been adopted on the recommendation of the General Committee (A/9200/Add.6), which had been requested by the President of the General Assembly to consider the matter when the Chairman of the Second and Fifth Committees had informed him that the ambiguity of the decision taken by the General Assembly at its 2123rd meeting might cause a conflict of competence. The new decision

of the General Assembly was drafted in very precise terms which left no further grounds for any doubt and he therefore requested the sponsors of the draft resolutions which had been, or would be, submitted under the items in question to take that decision fully into account and to make any necessary changes in the text of the draft resolutions already submitted. Since the decision had been taken at the highest level, by the General Assembly itself, it seemed unnecessary for him to make a ruling on the matter.

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) Report of the Trade and Development Board

2. Mr. SPRÖTE (German Democratic Republic) said that UNCTAD had already achieved considerable progress in the implementation of General Assembly resolution 1995 (XIX), in which its terms of reference were defined, and that the trend towards *détente* in international political relations created a favourable climate for the continuation of the efforts it was making to that end.

3. Since the German Democratic Republic derived 40 per cent of its national income from its external

* Resumed from the 1537th meeting.