



**OFFICIAL RECORDS OF THE GENERAL ASSEMBLY
TWENTY-FIRST SESSION**

SECOND COMMITTEE

ECONOMIC AND FINANCIAL QUESTIONS

**SUMMARY RECORDS OF MEETINGS
20 SEPTEMBER – 15 DECEMBER 1966**

UNITED NATIONS

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Prefatory fascicle



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New York, 1967

INTRODUCTORY NOTE

The *Official Records of the General Assembly* consist of records of meetings, annexes to those records and supplements. The records of meetings include corrections requested by delegations and such editorial modifications as were considered necessary. The complete list of delegations and a check list of all documents mentioned during the session are included in the prefatory fascicles of volume I of the *Plenary Meetings*.

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* *

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

ABBREVIATIONS

ACC	Administrative Committee on Co-ordination
BIRPI	United International Bureaux for the Protection of Intellectual Property
ECA	Economic Commission for Africa
ECAFE	Economic Commission for Asia and the Far East
ECE	Economic Commission for Europe
ECLA	Economic Commission for Latin America
FAO	Food and Agriculture Organization of the United Nations
GATT	General Agreement on Tariffs and Trade
IAEA	International Atomic Energy Agency
IBRD, World Bank	International Bank for Reconstruction and Development
IDA	International Development Association
IDB	Inter-American Development Bank
IFC	International Finance Corporation
ILO	International Labour Organisation
IMF	International Monetary Fund
IUOTO	International Union of Official Travel Organizations
OECD	Organization for Economic Co-operation and Development
OPEX	Programme for the provision of operational, executive and administrative personnel
TAC	Technical Assistance Committee
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNIDO	United Nations Industrial Development Organization*
UNOID	United Nations Organization for Industrial Development*
WHO	World Health Organization
WMO	World Meteorological Organization

*At its 1045th meeting, the Committee decided to change the English name of this Organization to United Nations Industrial Development Organization (UNIDO).

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United Nations Institute for Training and Research: report of the Executive Director of the Institute (<u>concluded</u>)		Activities in the field of industrial development (<u>continued</u>):	
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<i>Tuesday, 13 December 1966, at 10.45 a.m.</i>		World campaign for universal literacy (<u>concluded</u>)	
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AGENDA

[Note: The agenda items are listed in the order in which they appear in the letter, dated 24 September 1966, from the President of the General Assembly to the Chairman of the Second Committee (A/C.2/229). The numbers in brackets after the title of the item indicate the number of the item on the General Assembly agenda.]

At its 1415th plenary meeting, on 24 September 1966, the General Assembly decided to allocate to the Second Committee for consideration and report the following items on the agenda of its twenty-first session.

1. Report of the Economic and Social Council (A/6303, chap. II to IX, X (sect. II), XII, XIII (sect. II to VII), XIV and XV) [12].

[The General Assembly decided that: (a) chapter X, section II, of the Council's report, dealing with population, and chapter XIII, section II, of the report, dealing with the United Nations Institute for Training and Research, might be of interest to the Third Committee; (b) chapter XV, dealing with the review and reappraisal of the Council's role and functions, should be referred also to the Third and Fifth Committees for comments; and (c) chapter I of the report, dealing with the work programme of the United Nations in the economic, social and human rights fields and its budgetary requirements, which has been allocated to the Fifth Committee, should be referred also to the Second and Third Committees for comments.]
2. United Nations Conference on Trade and Development: report of the Trade and Development Board [37].
3. Establishment of a United Nations capital development fund: report of the Committee on a United Nations Capital Development Fund [38].
4. United Nations Development Decade: report of the Secretary-General [39].
5. Accelerated flow of capital and technical assistance to the developing countries: report of the Secretary-General [40].
6. Activities in the field of industrial development [41]:
 - (a) Report of the Committee for Industrial Development;
 - (b) Report of the Ad Hoc Committee on the United Nations Organization for Industrial Development;
 - (c) Confirmation of the appointment of the Executive Director of the United Nations Organization for Industrial Development.
7. Inflation and economic development: report of the Secretary-General [42].
8. Decentralization of the economic and social activities of the United Nations [43].
9. Conversion to peaceful needs of the resources released by disarmament: report of the Secretary-General [44].
10. Permanent sovereignty over natural resources [45].
11. Population growth and economic development [46].
12. World campaign for universal literacy [47].
13. United Nations Institute for Training and Research: report of the Executive Director of the Institute [48].
14. Operational activities for development [49]:
 - (a) Activities of the United Nations Development Programme;
 - (b) Activities undertaken by the Secretary-General.
15. Programme of studies on multilateral food aid: report of the Secretary-General [50].
16. Review and reappraisal of the role and functions of the Economic and Social Council: report of the Secretary-General [51].

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17. General review of the programmes and activities in the economic, social, technical co-operation and related fields of the United Nations, the specialized agencies, the International Atomic Energy Agency, the United Nations Children's Fund and all other institutions and agencies related to the United Nations system [52].
 18. International Tourist Year [53].
 19. Development of natural resources [94].

At its 1415th plenary meeting, the General Assembly decided to allocate to the Sixth Committee for consideration and report agenda item 86 entitled: "Technical assistance to promote the teaching, study, dissemination and wider appreciation of international law: report of the Secretary-General", it also decided to allocate that item to the Second Committee for comments.



Tuesday, 20 September 1966,
at 6.35 p.m.

NEW YORK

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Temporary Chairman: Mr. Abdul Rahman PAZHWAK (Afghanistan).

Election of the Chairman

1. Mr. SCHUURMANS (Belgium) nominated Mr. Moraiwid M. Tell (Jordan).
2. Mr. Amjad ALI (Pakistan) seconded the nomination.

Mr. Tell (Jordan) was elected Chairman by acclamation.

The meeting rose at 6.45 p.m.

The printed official records of the meetings of each Main Committee of the General Assembly are published in fascicle form, by meeting; they are paginated consecutively throughout each session. At the end of a session these fascicles are bound in a volume with a prefatory fascicle containing a table of contents, an agenda and other prefatory matter.

The list of members of delegations attending the session is published in the prefatory fascicle to the plenary meetings of the General Assembly.

United Nations
**GENERAL
ASSEMBLY**

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1022nd
MEETING**

Wednesday, 28 September 1966
at 3.20 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

Statement by the Chairman

1. The CHAIRMAN thanked the Committee for the great honour it had done him and his country by electing him Chairman, and welcomed the representative of Guyana, who was participating in the Committee's work for the first time, and the representative of Indonesia, which had resumed its seat in the United Nations.

Election of the Vice-Chairman

2. Mr. MURGESCU (Romania) nominated Mr. Anatoli A. Boiko (Ukrainian Soviet Socialist Republic).
3. Mr. KADRY (Iraq), Mr. PIÑERA (Chile), Mr. MWALUKO (United Republic of Tanzania) and Mr. VARELA (Panama) supported the nomination.

Mr. Boiko (Ukrainian Soviet Socialist Republic) was elected Vice-Chairman by acclamation.

Election of the Rapporteur

4. Mr. RAMAHOLIMIHASO (Madagascar) nominated Mr. Georg Reisch (Austria).
5. Mr. KADLEC (Czechoslovakia) and Mr. LUBBERS (Netherlands) supported the nomination.

Mr. Reisch (Austria) was elected Rapporteur by acclamation.

Organization of the Committee's work (A/C.2/229,
A/C.2/L.861)

6. The CHAIRMAN drew attention to the letter from the President of the General Assembly (A/C.2/229) listing the items which the Assembly had allocated to the Second Committee. He invited the Committee's comments on the proposals for the organization of the work set forth in his note (A/C.2/L.861), which he had drafted after preliminary consultations with delegations and the Secretariat.

7. Mr. SAHLOUL (Sudan) wanted to know what approach the Chairman had adopted in his preliminary consultations. He hoped that they had not been of a

random character and that the mistakes made at the twentieth session of the General Assembly would not be repeated at the current session. He inquired whether the Chairman had contacted the African delegations.

8. The CHAIRMAN said that he had not followed any preconceived plan in his consultations, and had not adopted any particular approach. The consultations were purely preliminary, and the Committee was free to modify his proposals with regard to the organization of the work. A number of African delegations had been consulted. During the two weeks in which the Committee would hear general statements, moreover, members would still have every opportunity to make whatever changes they thought appropriate.

9. Mr. PIÑERA (Chile) suggested that the Committee should establish at least a tentative time-table for its work over the duration of the session, although he realized the difficulty of that task in view of the constantly changing circumstances. With such a time-table, the Committee would know how much time it had to discuss each of the many items on its agenda. Without establishing a rigid order of priority, the Committee could perhaps decide tentatively to consider the item on industrial development first (item 41), then the questions relating to the United Nations Conference on Trade and Development (item 37) and at its second session, the items on natural resources (items 45 and 94), the world campaign for universal literacy (item 47) and multilateral food aid (item 50), etc. Of course, the report of the Economic and Social Council (item 12) would have to be given high priority.

10. Mr. BRADLEY (Argentina) considered that the Chairman's note would facilitate an exchange of views on the organization of the work and that it took account of past experience. However, since the Economic and Social Council had yet to consider, at its resumed forty-first session, the report on the special session of the Governing Council of the United Nations Development Programme and the report of the Committee on a United Nations Capital Development Fund, it would perhaps be difficult to draw up a plan of work covering more than one month. On the other hand, there was obviously already agreement in the Committee that priority should be given to the items relating to industrial development. He would therefore support the tentative plan of work proposed by the Chairman.

11. Mr. PARDO (Malta) said that he found the Chairman's plan generally acceptable. However, the general debate could perhaps be completed a little before 19 October and the date for concluding the work deferred until 16 December. It should be noted, in

that connexion, that at the twentieth session the Second Committee had been unable to consider all the items on its agenda.

12. It had been wise not to establish an order of priority for the discussion of the various items, that could more appropriately be done when the general debate had been concluded. Nevertheless, he supported the suggestion that the item relating to activities in the field of industrial development should be taken up first.

13. Mr. DIAKITE (Mali) said he feared that the Committee would not have sufficient time to consider the nineteen items on its agenda, and suggested that it should consider the possibility of curtailing the general debate.

14. He was happy to see that in paragraph 4 of his note, the Chairman suggested that individual agenda items should be taken up only after draft resolutions were before the Committee in all the languages; he hoped that the same would apply to all documents and that the Secretariat would endeavour to have documents circulated the same day in all the working languages.

15. Lastly, he supported the proposal of the representative of Malta that a later date should be fixed for the conclusion of the Committee's work.

16. Mr. DJOUDI (Algeria) associated himself with the Sudanese representative's observations concerning the Chairman's preliminary consultations with certain delegations.

17. He believed that the general debate was important because it offered an opportunity for highlighting certain parts of the agenda and expediting the discussion of other items; consequently, he felt that two weeks would not be sufficient for the purpose.

18. He supported the Chairman's position on the issue of supplying texts of draft resolutions in all the languages, but felt that the rule should not be applied too rigidly; the discussion of an item could perfectly well be started before all the relevant documents were ready in all the languages, and the documents could then be produced according to the development of the discussion.

19. Mr. VAZQUEZ ALFARO (Mexico) said that the general debate, while important, should be shorter, and the statements of the general positions of delegations should be more concentrated. Two weeks should be amply sufficient.

20. The items concerning industrial development and operational activities for development were important to both the developed and the developing countries. The Committee should follow a logical order in its work, proceeding from the simplest to the most complex items, and from those on which general agreement already existed to those which were still in dispute. He also stressed the seriousness for all countries of the problems of inflation and economic development; he awaited with interest the Secretary-General's report on that subject (item 42), as well as his report on the results obtained so far under the United Nations Development Decade (item 39), results which should be candidly assessed. Agenda items 38 (Establishment of a United Nations capital

development fund), 45 (Permanent sovereignty over natural resources), and 46 (Population growth and economic development) were also very important.

21. He hoped that the Second Committee would proceed with its work more energetically and seek to achieve specific objectives.

22. Mr. MWALUKO (United Republic of Tanzania), referring to agenda items 43 (Decentralization of the economic and social activities of the United Nations) and 52 (General review of the programmes and activities in the economic, social, technical co-operation and related fields of the United Nations, the specialized agencies, the International Atomic Energy Agency, the United Nations Children's Fund and all other institutions and agencies related to the United Nations System), said that the Committee should take up certain aspects which fell within its competence of the second report of the *Ad Hoc* Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies (item 80).

23. Mr. KARMARKAR (India) said that he was generally satisfied with the Chairman's suggestions, but felt that the general debate should end before 19 October. The Committee's main task was to draw the attention of the world to the most important economic problems, particularly those of the developing countries.

24. It was quite right to give priority to activities in the field of industrial development, but problems such as the one covered by item 46 should not be neglected: population growth threatened to reduce to nothing the economic progress being made by the developing countries. His delegation attached great importance to the discussion of that problem, on which it had submitted a draft resolution at the twentieth session. It was quite proper, moreover, for the Committee to give priority to questions on which it had been unable to conclude discussion at the preceding session.

25. Lastly, he proposed that the question of the progressive development of the law of international trade (item 88) should be considered by the Second Committee and not the Sixth Committee.

26. Mr. FERNANDINI (Peru) endorsed the Chairman's suggestion that immediately after the general debate the Committee should take up item 41 on industrial development (A/C.2/L.861, para. 5). Since a final time-table could not be drawn up before the resumption of the forty-first session of the Economic and Social Council, the order of discussion of the other items could be decided later, depending on the circumstances.

27. Since the note by the Chairman was in fact simply a tentative plan for the organization of work, he did not think it required lengthy discussion. He therefore proposed that the Chairman's note, since it was provisional in nature, should be approved immediately, and that the general debate should start at the following meeting.

28. Mr. TARDOS (Hungary) thought it would be difficult to complete the general debate in two weeks; he therefore suggested that the Committee should simply decide to begin the consideration of the agenda items

on 19 or 20 October, subject to the possibility of the general debate continuing beyond those dates. The general statements would be especially useful if they dealt with the most important items on the agenda, thus obviating the need for a subsequent debate on those items.

29. In addition, it would be useful for the Chairman to fix, for each of the items of the agenda, a time-limit for the submission of draft resolutions, which should be three or four days before the start of the discussion on each of the items; that would provide and opportunity for informal discussions which would then save debating time.

30. Mr. GEORGE (France) observed that his delegation had always been opposed to adding further general debates to the debate which was continuously in progress in the plenary meetings of the Assembly. He would abide by the wishes of the Committee, but wished to point out that if it was decided to have a general debate, it might be a very long one.

31. With regard to the circulation of draft resolutions in the working languages, he shared the view of the representative of Mali but agreed with the representative of Algeria that the Committee would not thereby paralyse its work; it is difficult for the delegations to submit amendments to a draft which had not been issued in their language, and for that reason the Secretariat should make a special effort to see that drafts were circulated promptly in all languages.

32. With regard to the Tanzanian representative's remark about the importance of the report of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies for the Second Committee, he pointed out that the General Committee, which was after all representative of the Assembly, had, after a full discussion, thought it preferable to assign the consideration of that report to the Fifth Committee. He felt it premature to ask for the report in question to be referred to the Second Committee.

33. His delegation endorsed in principle the note by the Chairman and had been glad to hear the assurances which the latter had given the Sudanese representative concerning his informal consultations with certain delegations.

34. Mr. AHMED (Pakistan) was in favour of starting the Committee's work with a general debate, and thought that the two weeks suggested for that purpose in the Chairman's note would be adequate. He also agreed with the date fixed for the conclusion of work, on the understanding that the Committee would be able to continue if necessary for a few extra days.

35. The suggestion made in paragraph 4 of the Chairman's note seemed an excellent one, especially as it was to be hoped that after the general debate a full debate on each item of the agenda would not be necessary.

36. The prior circulation of draft resolutions in all languages should not be regarded as a rigid principle. When the Committee took up item 41, it would in any case have before it the draft resolution of the Ad Hoc Committee on the United Nations Organiza-

tion for Industrial Development and a draft resolution on the International Symposium, which would allow time for the other drafts to be circulated in all languages.

37. With regard to the report of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies, he agreed with the French representative but thought that the report could be referred to the Committee when it took up agenda item 52; it could then also, if the Fifth Committee had already studied the experts' report, study that Committee's conclusions on it.

38. Mr. FORSHELL (Sweden) supported the Chairman's suggestion that immediately after the general debate the Committee should consider item 41. He shared the interest expressed by the delegations of Mexico and India in regard to agenda item 46 and hoped that the question, which had had to be postponed at the preceding session, could be fully studied at the current session.

39. Mr. SVENNEVIG (Norway) endorsed the suggestions contained in the Chairman's note but thought the period of time allocated to the general debate somewhat long. While a general debate offered the advantage of enabling attention to be concentrated on specific proposals when each agenda item was considered, it should not in any circumstances extend beyond 19 October.

40. U THET TUN (Burma) said it was a matter of simple arithmetic that after thirteen days of general debate each delegation—if all wanted to participate in the discussion—would have only five minutes' speaking time for each item of the agenda. Thus, the Committee would have difficulty in completing its work unless it strictly followed the Chairman's suggestions, in other words, unless the general debate covered a large number of items which would not later be discussed individually.

41. He agreed with the suggestion that the Committee should start by considering the item on industrial development, but, unlike the representative of Mexico, he thought that the controversial items should be considered as early as possible, so as to enable delegations to consult their Governments.

42. Mr. VARELA (Panama), referring to paragraph 2 of the Chairman's note, said he felt the Chairman should submit to the Committee at its next meeting a definite programme of work for the first month of the proceedings, so that the Committee could take a decision with full knowledge of the facts.

43. The general debate was, of course, of some value, but it was unlikely to give rise to practical decisions and should not in any event extend over more than two weeks.

44. With regard to the distribution of draft resolutions in all the working languages, he fully supported the Chairman's suggestion, for as he had said at the last session of the Economic and Social Council, he had often been inconvenienced by the delay in the distribution of documents in Spanish.

45. He also agreed with the suggestion that questions relating to industrial development should be con-

sidered directly after the general debate, for under resolution 2089 (XX), adopted at its previous session, the General Assembly was required to make a decision as soon as possible on the report of the Ad Hoc Committee on the United Nations Organization for Industrial Development.

46. Finally, with regard to the conclusion of the Committee's work, it would be preferable, if there was any doubt whether the work could be completed by 13 December, to set the date for 16 September.

47. Mr. NEDIVI (Israel) referring to the observations made by the representatives of the United Republic of Tanzania and France, and leaving aside the question of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies, wished to express his regret that chapter I of the Economic and Social Council's report (A/6303), dealing with the work programme of the United Nations in the economic and social fields and its budgetary requirements, was to be submitted to the Second Committee for comment only. The question was one of extreme importance for the future of United Nations activities in the economic and social fields, and he thought that the Committee might perhaps discuss the first chapter of the Council's report under item 52 of the agenda.

48. Whatever was decided on that point, he thought that the question of the functional presentation of the budget for the economic and social fields should be placed before the Committee, perhaps in the form of an authoritative statement by the Under-Secretary for Economic and Social Affairs. To be able to pass on to the Fifth Committee its comments on chapter I of the Economic and Social Council's report, the Second Committee would have to know to what extent the current examination of budgetary procedures did, or did not envisage the establishment of a separate chapter of the budget for economic and social affairs, or some other form of functional presentation of the budget for those questions.

49. Mr. DELGADO (Senegal) said that the real general debate took place in the General Assembly. For this part, he would have preferred that the various delegations should confine themselves to making general comments, for example on item 37 of the agenda, and should give priority to problems requiring immediate solution.

50. He supported the Chairman's suggestion that the Committee should begin with item 41 of the agenda. He thought that priority should be given to questions which had not been settled at the twentieth session. Moreover, some items, such as item 53 (International tourist year) related to activities with a fixed time-limit, and it would be unfortunate to have to put them off until the twenty-second session.

51. He endorsed the comments of the representatives of France and Mali concerning the translation of documents into all working languages.

52. Mr. WILMOT (Ghana) was in general agreement with the suggestions made in document A/C.2/L.861. The conclusion of the general debate could be provisionally set for 17 October, the list of speakers being finally closed on Wednesday, 5 October. It

would be a good idea, as the representative of Chile had proposed, to formulate a work programme for the whole session.

53. In that connexion, it would be useful to group together some items on the agenda dealing with related fields, for example items 43, 51 (Review and reappraisal of the role and functions of the Economic and Social Council) and 52, and items 45 and 94. It had not proved possible to conclude consideration of the question of permanent sovereignty over natural resources at the twentieth session, and he considered that that item and the other questions which had been carried over to the present session should be dealt with immediately after the closure of the general debate.

54. In conclusion, he was in favour of including the question of the progressive development of the law of international trade in the agenda of the Second Committee.

55. Mr. ABE (Japan) felt that a work programme for the last week of October should be drafted immediately.

56. Mr. Mohamed EL-ATRASH (Syria) also supported the formulation of a provisional work programme for the whole of October, unless the Chairman was convinced that the consideration of the problems relating to industrial development would take up the remainder of the month. The general debate should be brief, to allow the Committee to spend more time on the various questions before it, some of which had already featured on the agenda of the twentieth session. Tendencies hostile to the economic advancement of the developing countries had emerged in recent years, and should be effectively combated.

57. He agreed with the representative of Sudan that the Chairman's consultations would gain by being as broad as possible.

58. Mr. OLUMIDE (Nigeria) said that, since the consideration of item 39 embraced most facets of the other items allocated to the Second Committee, it should be discussed earlier, preferably after the examination of item 41, so as to avoid needly repetitions.

59. Mrs. SOLOMON (Trinidad and Tobago) supported the proposal that item 41 should be considered first, and also considered that the Committee should give priority to questions carried over from the twentieth session. She thought that the report of the Economic and Social Council and the report of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies should be considered under item 52.

60. Mr. PIÑERA (Chile) supported the Indian representative's proposal that the question of the progressive development of the law of international trade should be considered by the Committee, and agreed with the representative of Ghana that the list of speakers should be closed as soon as possible.

61. The CHAIRMAN noted that the Committee accepted the suggestions contained in document A/C.2/L.861 and, in particular, agreed that 19 October should be the date for the conclusion of the general debate, which would be much briefer than in the past. Dele-

gations should keep in touch with the secretariat of the Committee, and inform it of the dates on which they intended to make statements. They should also submit to the secretariat, as soon as possible, the names of the representatives assigned to the Committee. The Committee could perhaps agree that the date for closing the list of speakers should be

5 October. The General Committee was counting on the co-operation of representatives to ensure consideration of all items on the agenda, and he would endeavour to submit a provisional work plan as soon as possible.

The meeting rose at 6.10 p.m.

United Nations
**GENERAL
ASSEMBLY**

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1023rd
MEETING**

Tuesday, 4 October 1966,
at 3.10 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

GENERAL STATEMENTS

1. Mr. DE SEYNES (Under-Secretary for Economic and Social Affairs) said that international action for the promotion of economic development took place in a context embracing all the problems of contemporary society and was closely linked, in particular, with questions of war and peace, disarmament and human rights.

2. In the United Nations, the past year had not been marked, like preceding years, by one of the momentous events which had constituted turning-points in the history of international action, although the meeting on land reform, held under the auspices of the United Nations and the Food and Agriculture Organization of the United Nations at Rome at the beginning of the summer, deserved mention. The participants had endeavoured to discover how international action could be applied in an area which had been too much neglected and which lay at the heart of the disappointments of many young States. Certainly land reform could not be induced from outside and required the mobilization of all of a nation's energies. The interest which it aroused had been increased at the present time by the possibility of a world food crisis, but the problem often lay in the area of the actual structure of political and constitutional power that was connected with certain characteristics of the land tenure system. Today, land reform was no longer merely a demand of the peasants or a measure dictated by considerations of agricultural yield or the desire to improve the conditions of those living on the land. It was more often an aspect of the urban masses' aspirations towards a radical transformation of society.

3. While international organizations might not be able to influence the initiation of land reform, they could nevertheless be of some help in the sphere of technical, economic and social implementation measures. The Conference at Rome might perhaps have contributed towards a systematization of knowledge in that field and enabled Governments better to define land reform objectives and the means of attaining them. International action should also facilitate the correction of the temporary imbalances which accompanied reform: that principle was embodied in the Alliance for Progress and in the Declaration of Bogotá signed on 16 August 1966 (see A/6410).

4. The pattern of economic trends had not shown any fundamental changes in 1966 and increased demand in the industrial countries had maintained the export earnings of under-developed countries: during the first half of the decade, those earnings had increased at an average annual rate of 6 per cent, or about twice the rate achieved between 1965 and 1960. However, the rate of growth of exports remained below that of the industrial countries with market economies, where it had reached 8 per cent per year. Trade between under-developed countries continued to increase by about only 4 per cent a year, but with great regional differences: 10 per cent in the Middle East, 9 per cent in Africa, 5 per cent in Latin America, and only 4 per cent in South and South-East Asia. The differences were caused by price levels, which had risen by 5 per cent in Latin America and fallen by a similar percentage in South-East Asia during the period under consideration.

5. Since 1960, the under-developed countries had been able to consolidate their external position by keeping the rate of increase in their imports down to an average of less than 4 per cent a year, by reducing their over-all trade deficit from \$3,000 million to less than \$1,000 million, and by increasing the volume of their liquid assets by about \$2,500 million over the past three years. However, the policy of holding down imports, which remained well below the requirements of economic growth, had had a marked effect on the pace of development. Rates of output growth had been barely held at the level of 4.5 per cent reached in the last years of the preceding decade, the best performances being found in the Middle East and the weakest in Africa and Latin America. Taking into account the present higher rate of population growth, the rise in per capita income had been appreciably slowed down as a consequence.

6. In the socialist countries, the situation was characterized by the full use of resources, considerable increases in industrial production and an improvement in agricultural production, despite the tensions inherent in the reform of economic planning and management methods. The balance between the supply of and the demand for consumer goods had been generally maintained, and consumption had increased in relation to the previous year, while external trade indices had fallen slightly.

7. In the countries with market economies, the pace of industrial production had remained on the whole quite satisfactory; it had slowed down in the Federal Republic of Germany, Japan, the Scandinavian countries and the United Kingdom, had been sustained in North America and had accelerated in France, Italy, the Netherlands and southern Europe. Where there had been a slowing-down, it had generally been due to the

execution of anti-inflationary policies or efforts to correct the balance of payments. In many countries with market economies, expansion continued to lead to almost full utilization of resources and to manpower shortages which were contributing to inflationary trends. Those trends, which were developing simultaneously on both sides of the Atlantic, were having an appreciable effect on the situation in the developing countries, because of the strain on capital markets and the resultant substantial rise in interest rates. Some were inclined to attribute inflationary pressures to excessive international liquidity, and efforts aimed at reforming the international monetary system had been complicated thereby. Despite the uncertainty and controversy about that question, it should not be difficult to reach a minimum agreement around the recent statements of the Managing Director of the International Monetary Fund, who did not believe that reserve creation was a panacea for the economic problems of the world, but saw a possible solution in countries following a prudent policy of acquiring the additional reserves which they needed over the long-term out of a growing total rather than at the expense of other countries.

8. But the future of the countries of the Third World was affected by long-term factors much more than by changes in short-term trends. That was the real reason for the long-term economic projections which the Economic and Social Council and several United Nations bodies had undertaken. The recent establishment of the Committee for Development Planning by Economic and Social Council resolution 1079 (XXXIX) would enable better co-ordination of those efforts, which—although they still aroused some scepticism—had a role to play, provided they were given enough safeguards to ensure them of a minimum of credibility, without which they might do more to arouse controversy than to offer enlightenment.

9. Those projections related primarily to population movements. According to the latest estimates, the total world population might reach 6,130 million by the end of the century, or 160 million more than had been estimated two years previously. While that figure was subject to revision, it would probably be in an upward direction, depending particularly on whether or not the current hypotheses concerning the decline in fertility proved to be correct. Unfortunately, those data had to be viewed in the light of the pressures exerted on resources by the development effort and by income growth, and, above all, in the light of the food shortages occurring in many developing countries. Those countries which, in the fifties had been net exporters of cereals, had become net importers.

10. Those food shortages happened to have coincided with a period of surplus agricultural production in some industrial countries, particularly in North America, and transfers of surpluses, which had resulted from national policies conceived for the benefit of farmers rather than from planning on a global scale, had recently risen to more than \$1,500 million per annum and had helped to conceal the seriousness of the problem of food shortages. Changes in those national policies had, however, led to a drastic cut in surpluses and there was consequently a danger of actual famines, depending upon weather conditions.

The precarious world food balance was an urgent problem and a still more bleaker prospect for the future. To improve inadequate nutrition levels, the agricultural production of the developing countries would have to increase by 4 per cent and more a year, although that rate had only rarely been achieved and the average from 1954 to 1963 had been lower than 3 per cent. Moreover, in view of the fall in North American surpluses, the terms of food aid would probably become less advantageous and the volume might even decrease. That was why the Secretary-General of the United Nations and the Director General of the Food and Agriculture Organization of the United Nations had decided to hasten the implementation of resolution 2095 (XX) adopted in 1965 by the General Assembly, on the initiative of the Argentine delegation, so that it might be possible to submit by the spring of 1967 at least provisional conclusions concerning the means and policies required for international action adopted to the circumstances. Those same considerations had led to an intensification of United Nations demographic research and of the efforts made to meet the requests of Governments that wished to launch action programmes in the population field.

11. With regard to international capital transfers, it would be an illusion to see them as only a temporary stage designed to facilitate the "take-off" of the under-developed countries and leading to an autonomous or quasi-automatic process of growth. Even though the under-developed countries were to make progress, it was nevertheless probable that the gap which separated their levels of well-being from those of the industrialized countries would continue to exist for a very long time and would remain an important factor in the development of relations between peoples.

12. Thus, the amount of aid extended to the under-developed countries in the form of loans had not been determined in the light of their capacity to export and thus to service their debts, and the very logic of the system required the perpetuation of that form of aid. Existing institutional arrangements and the machinery spontaneously set in motion had encouraged that trend and, given the immensity of the problems, there was no justification for seeking to establish a strict correlation between the two factors, nor to criticize the policy followed. But the international community had been slow to recognize the consequences of that policy: by 31 December 1965, the external debt of the under-developed countries had reached \$36,400 million, or roughly what they had set aside in one year for capital formation. The servicing of the debt had grown in eight years at a rate three times higher than that of the export earnings and had absorbed, in 1964, 10 per cent of those receipts. In addition, the grace periods which had accompanied many of those loans were now coming to an end. The indebtedness of the developing countries affected not only the debtor countries but also the **lending** countries, which were anxious to safeguard their own position vis-à-vis other creditors and desirous of increasing their exports to the developing countries while maintaining a viable system of credit and international liquidity. Hence, both the liquidation of **past indebtedness** and **growing present and future** needs **necessitated** the continuation of the efforts already undertaken.

13. That was but one of the aspects of the general problem of international finance which illustrated the gravity of the present "falling-off of momentum", the principal theme of current economic debates. If those debates were not directed towards international action, recent progress in development might be impaired. In that connection, he quoted a passage from part I of the World Economic Survey, 1965,^{1/} which indicated that the stagnation in investment during the early years of the United Nations Development Decade was attributable not to a lag in domestic saving, which had risen by almost 6 per cent a year, but to the slackening in the inflow of capital from abroad which had resulted in the inability of the developing countries to finance, as rapidly as they should have done, trade deficits incurred in the second half of the 1950's. In that connexion, public aid played an important role in international capital transfers since it was, in essence, controllable. Its regular growth had become one of the preconditions for the success of development plans and its protracted interruption caused more anxiety than the fluctuations in the movement of private capital and in export earnings.

14. While from 1956 to 1961 public aid had increased by about \$3,000 million at current prices, or 50 per cent, between 1961 and 1965 it had remained below \$1,000 million, or an increase of only 10 per cent. Official donations were at present frozen at the level of \$3,700 while contributions to multilateral agencies, which amounted to about \$500,000, were actually below the figures for 1961 and 1962. While an increase in the total volume of capital transfers to the under-developed countries had been noted, it was due mainly to the flow of private capital.

15. Thus, after a period of remarkable growth, in a reasonable ratio to the increase in the national income of the industrial countries, the total volume of international aid had suddenly levelled off at the beginning of the current decade, at the very time when attempts were being made to ensure an equitable distribution of the burden of aid among the principal suppliers when consideration was being given to the introduction into the movement of a modicum of rationality and a more precise evaluation of needs when the pre-investment programmes had created a vastly increased absorptive capacity and when a veritable market of development financing institutions was being constituted.

16. The General Assembly should try to discover the causes of that sudden and startling turn of events. If it did not do so, there would be little use in continuing to consider the technical problems of financing, such as replacing aid tied to individual projects by a more general form of assistance on the basis of programmes, mitigating the disadvantages of tied aid by shielding it from the vicissitudes of the terms of trade, financing regional integration rather than national projects, and financing stocks of raw materials in the framework of commodity agreements. It was to the credit of the Economic and Social Council in its resolution 1183 (XLI) that it had called for a study of the economic factors affecting the ability of developed countries to transfer financial resources to the developing countries. The balance-of-payments

difficulties of the advanced countries were not an adequate explanation, since they were attributable to the state of relations between industrial countries themselves, rather than to their transactions with the countries of the Third World. Moreover, the transfers of funds to the under-developed countries were reflected in increased exports from the industrial countries. A better co-ordinated policy among the latter might make it possible to arrange for a better distribution among them of the burden of aid and to reduce the effects of capital outflows without reducing the amount of aid to the under-developed countries. The industrial countries did not, however, appear to be contemplating such arrangements at present, and the restrictive measures which some of them had to adopt necessarily curtailed their investments in the under-developed countries.

17. In addition, low and generally declining rates of population growth, further aggravated by the effects of longer schooling, had created stresses in the labour market, especially in Europe, and had, in those countries, necessitated an increased in domestic investment for the maintenance of satisfactory growth rates and the rationalization and modernization of enterprises to keep pace with progress in technology. Inflationary pressures had resulted.

18. No doubt the roots of the present crisis in international aid would have to be sought elsewhere and not in the technical questions which had hitherto been the subject of study by the United Nations. To regain its lost momentum, the United Nations should perhaps undertake a more extensive investigation in order to avoid stereotyped replies and to embark on a vast consultation of the countries and institutions concerned.

19. Paradoxically, there was a large measure of agreement at the conceptual level concerning problems of financing. But the debate had been somewhat too artificially restricted to aid and trade, without enough heed being paid to certain aspects of the policies and practices of the industrial countries which had a direct impact on the under-developed countries and on their foreign exchange earnings. Some provisions in favour of the enterprises of the under-developed countries could be introduced in the governmental contracts of the industrial countries. It would be particularly useful to study the question of fiscal measures and exemption systems benefiting firms operating in the developing countries, the policy of stock-piling raw materials and favourable monetary and credit systems for the export of capital, such as those currently applied by the United States Government.

20. It was therefore possible to visualize certain positive discriminatory arrangements favouring the under-developed countries, and such an idea was no longer excluded a priori since the declaration of the principle of non-reciprocity in tariff negotiations, which the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD) rightly preferred to call the "principle of implicit reciprocity". In effect, since the under-developed countries could not significantly reduce the total volume of their imports, the balance-of-payments position of countries which agreed to such measures would be favourably affected. Attempts should be made to define and recommend measures which, without

^{1/} United Nations publication, Sales No.: 66.II.C.1.

contravening the existing codes of good behaviour and without international arrangements, might offer the under-developed countries advantages which would outweigh the sacrifices demanded of those who adopted them.

21. Perhaps some might object that that might introduce a dangerous process of intrusion into national policies. But there was every reason to wonder whether any lasting headway could be made in international action without questioning more directly the underlying national policies. A fresh effort should be made to understand and analyse the situation of those who provided aid, their difficulties and the choices open to them in working towards a better integrated world economy. The strategy of development would profit by being founded on a better knowledge of the subject, and the United Nations Development Decade, for its part, demanded a closer interplay of national and international policies.

22. The last session of the Economic and Social Council had shown that, despite the disappointments and setbacks, that concept, together with the normative elements and specific objectives which it introduced into international action, was a living and an enduring one which answered a need genuinely felt by a rapidly evolving international community. Its latent possibilities could be exploited by steering towards a system of mutual commitments. It was no longer possible to cherish the illusion that in the future the affluent societies would automatically provide the resources needed to finance adequately the development of the Third World. In fact, those countries were already feeling a heavy pressure of demand on their resources and would feel it even more in the years ahead. The general rise in the level of living was showing up more startlingly the social blemishes which they contained. Urban concentration had given rise to quasi-monstrous phenomena. The need for education was far from satisfied. It was probably only through deliberate and, so far as possible, concerted policies that assistance to the developing countries would find its rightful place in the hierarchy of preoccupations and priorities for action and would influence decisions on trade, the balance of payments and budgetary and monetary policy. What was required, at the national planning level and in the formulation of regional or global policies, was the organization of a more effective dialogue which would lead to a definition of ways to effective action based on mutual commitments.

23. Indeed, the process had already begun. A multi-lateral discussion had been initiated to the extent, still very inadequate, that development aid had ceased to be limited to the financing of individual projects, and the recipient countries had not only accepted but even sought such a discussion in the consortia and consultative groups and within the framework of the Alliance for Progress. Some countries had agreed to discuss not only their plans but also their performance and those discussions had led to a sounder and more accurate appreciation of their needs.

24. True, the methods used were still rather elementary and the study of the plans were often superficial. The evaluation of needs and performance was still too new a discipline not to be essentially empirical. With the help of international institutions, improved

methods must now be determined for evaluating objectives and their compatibility and ensuring that they were formulated within a set of policies and administrative action without which the best conceived plans would remain a dead letter. In such a context, the establishment of the Committee for Development Planning was extremely significant and should provide the Organization with a tool which it had lacked up to now. As a result of those efforts, it would be possible to reduce to some extent the amount of speculation which too often still bedevilled planning efforts and which offered an easy excuse for the providers of assistance to withhold their aid or express their reservations.

25. That new stage in the organization of international relations necessarily had its political implications. It was essential to determine what institutional framework or frameworks were best suited for a real dialogue, so that the demands of national sovereignty were treated with respect and the feeling of inequality between donors and recipients of aid was lessened.

26. The intention was not, of course, to standardize the forms of public assistance. A certain variety was the very essence of effective action, given the vast range of situations confronting the international community. To try and link aid more directly with plans and performance did not mean that attempts to develop other less cumbersome and more automatic approaches should be abandoned. Thus, the International Monetary Fund was contemplating new facilities to assist the primary producing countries in the event of a sudden drop in prices. It was reasonable to assume that in the future a system would be adopted in which the actions of donors and recipients were mutually adjusted. It was striking in that respect that the report on supplementary financing prepared by the International Bank for Reconstruction and Development^{2/} was being given much more sustained attention than the proposals that the United Nations had worked out five years ago in favour of a more automatic system of compensatory financing. In a very far-reaching decision, the Economic and Social Council had invited the United Nations to reflect now on the objectives and machinery of the next United Nations Development Decade. Practical and generally acceptable formulae which would enable the international community to move into a new phase should therefore be studied without delay.

27. The General Assembly was taking the final steps in the establishment of the United Nations Organization for Industrial Development at a time when industry had become an international phenomenon. Neither the development of agriculture nor that of mineral resources revealed so crucial a need to co-ordinate investment and policies. Modern industries tended more and more to organize themselves internationally, and it was unlikely that political conceptions or ideologies could impede that process for long. That fact might not altogether be appreciated in some developing countries where it was still possible for industries of a conventional type to serve a small market. But

^{2/} Supplementary Financial Measures, A Study Requested by the United Nations Conference on Trade and Development—1964 (International Bank for Reconstruction and Development, Washington, D.C., December, 1965).

the scope of such possibilities was shrinking daily. It was difficult to imagine that the developing countries were either willing or able to avoid the influence of the most up-to-date technology and the conditions in which that technology could be applied. One might regret such a state of affairs and think that development could have come about more smoothly with all the weight and support that governmental action and machinery could provide at the initial stages. But that was not so. Already, even in the conventional industries which were not subject to organizational criteria comparable to those of the more modern ones, there was considerable anarchy and wastage due to the lack of adequate international co-operation. That problem should be tackled frankly by the new Organization. If it were to confine itself to the more traditional functions of technical assistance, pre-investment and the transfer of know-how and capital, it would not meet the requirements of today and much less of tomorrow. In dealing with industrial development, one came up very soon against the questions of complementarity and of an international division of labour which were frequently shirked because of too abstract an approach to trade policies but which had already been given concrete form in certain arrangements between industrial countries of the East and West and developing countries. The problem had already arisen at the regional level and it would soon become a problem of global dimensions, and it was desirable that the new body about to be established should have that prospect in mind.

28. In conclusion, his general remarks had no justification other than to help the United Nations to mobilize men's wills now in support of a few practical and well-defined objectives. Precise deadlines were today a feature of international life and, even within that schedule, a whole range of alternatives would enable Governments to relate their gestures of solidarity to their own particular circumstances. Among the most pressing of those dead-lines were the replenishment and expansion of the International Development Association, the setting-up of funds-in-trust for the African Development Bank, which had just announced the beginning of its operations, and for the Asian Development Bank, which would be inaugurated in November, the strengthening of the World Food Programme, the financing of the cocoa stocks with a view to the conclusion of a regulative agreement and, of course, the United Nations programme of pre-investment and its gradual transformation.

29. Mr. BRADLEY (Argentina) and Mr. MWALUKO (United Republic of Tanzania) proposed that the statement made by the Under-Secretary for Economic and Social Affairs should be issued in full as a Committee document.

It was so decided.^{3/}

30. Mr. BOUATTOURA (Algeria) said that there had been little change in the world economic situation since the twentieth session of the General Assembly, while the position of the poor countries was characterized by a strikingly consistent trend towards further impoverishment. Of course, prosperous countries had their problems, but in their case it was

merely a question of how best to manage their wealth, which might occasionally be threatened by competing but nevertheless interdependent interests. Machinery existed for coping with the passing difficulties with which they were confronted. On the other hand, nations like Algeria had to face alone—apart from the aid occasionally given to them as a palliative for their more urgent needs—the one truly important problem of the century: how to provide the means of subsistence for thousands of millions of human beings for whom they had unjustly been left with the responsibility? That responsibility was a shared one, to say the least, and the burden which it entailed should also be shared. The developing countries had certainly not remained idle, but their efforts in the commercial, financial, technical and economic fields were systematically nullified by the machinery already in existence.

31. It would be tedious to repeat all the arguments which confirmed the heavy responsibility borne by most of the advanced countries in the alarming situation of the poor countries, which would in all likelihood continue for many years to come. No one should be deluded by the term "developing", for the third world as a whole was in no sense engaged in an integrated process of development; that term was merely intended to spare its feelings and had been devised by the very ones who were generally quite frank in the polite indifference with which they met its most legitimate claims.

32. With regard to trade, the economic position of the developing countries was characterized by a growing deficit in the balance of payments, which was due, *inter alia*, to the deterioration of the terms of trade. That deterioration derived from the very structure of international trade and called for an over-all solution, since bilateral solutions were merely temporary stopgaps which in the long run increased those countries' dependence on certain markets. The foreign trade of the developing countries was insufficiently diversified, if at all, and the products marketed were not competitive, mainly because of limited markets, the existence of *de facto* foreign monopolies and habits of consumption inherited from the former metropolitan countries. At the financial level, it was, paradoxically the lack of development which had spared the countries of the Third World difficulties of a monetary nature, while it made their lack of foreign exchange even more strikingly apparent.

33. To those general factors must, of course, be added others, which had to do with the particular circumstances and economic conditions of the various poor nations, but the terrible stunting of human intelligence as a result of long years of illiteracy also entered into the equation. The existence of illiteracy and endemic diseases was a crime for which all bore a share of the responsibility. The developing countries had faced up to their share, but the same could hardly be said of certain wealthy States. In order to obtain political advantages, those States continued to haggle over assistance which it was obviously in their long-term interests to grant.

34. Whatever the difficulties besetting the United Nations at the present time, it continued to enjoy great prestige among the poorer nations and in many indus-

^{3/} See document A/C.2/L.864.

trialized countries. In that connexion, world opinion should be made more aware of an important fact: that the international assistance provided to the poor countries was very small in comparison to the enormous advantages that the industrialized countries obtained from the nations they helped. That was true of bilateral and multilateral assistance and, in particular, of the aid granted by the United Nations itself. Except in the case of certain rare but encouraging undertakings, the machinery set up for the equitable distribution of assistance to the developing countries actually proved equitable only in the allocation of grants to various research organizations and consulting engineers, in the recruitment of experts, etc. The logic of that system was such that the advanced countries, owing to their ability to put even the most limited investment to good use, were the first to benefit from the assistance they granted, which afforded them, at low cost, a moral prestige that no one begrudged them.

35. There was no indication that the situation would change for the better in the near future. After promising starts, the various economic and social organizations to which Algeria belonged, or which it had helped to set up, had been overcome by an inexplicable paralysis. That only confirmed the fact that it was dangerous for the developing countries to rely exclusively on international assistance without attempting to determine among themselves whether there were not in fact some tasks within their capacity which they could hope to carry out within reasonable periods of time. While that should in no sense be interpreted as indicating distrust of the United Nations, the assistance which the latter could provide was strictly dependent upon the resources made available to it. Although its capacity for action should not be overestimated, the United Nations remained the only international institution which could, if certain States faced up to their heavy responsibility, give real meaning to the ideal of peace and prosperity.

36. First of all, Member States must recognize that the Organization's reason for existence was the creation of an international community based on genuine solidarity. The first expression of that solidarity should be a greater contribution to economically productive investment, both multilateral and bilateral, by those States which had the necessary capacity. That called for a complete change in the mentality that had gradually taken possession of an Assembly whose debates tended to be divorced from reality. Thus, those who intended to do nothing, and who, if general disarmament some day became a reality, would find new ways to justify their indifference, were increasingly putting forward the thesis that the transfer to the developing countries of the substantial sums which the wealthy nations devoted to armaments would be effective in launching those countries' economic development.

37. Secondly, without waiting for the golden age, an annual programme aimed at the attainment of a minimum level of literacy within a specified period could be undertaken at the present stage. The United Nations could first prepare an inventory, including a study of the costs involved, and at the same time estimate and request the necessary financial contribu-

tions. The financing of such a programme would surely not meet with the same reluctance on the part of the usual contributors as that which was transforming the United Nations Development Decade into a dream for the centuries.

38. Lastly, there was no question that regional economic integration such as that of the Maghreb, was one of the best means of assessing and creating the social and economic conditions required for development. One of the most important aspects of such integration was the development of communications, which was a result of, and at the same time a contributing factor in, general economic expansion. That objective had been one of the main concerns of the Standing Consultative Committee for the Maghreb, which had its headquarters at Tunis and co-ordinated the work of many different committees of experts. It had been assisted in that task by the Economic Commission for Africa, which had carried out a number of studies on the trans-Sahara communications project, which would meet the needs of many African countries.

39. It was an irony of fate that, despite the fundamental importance which they attached to the industrialization of their region, the north African countries were compelled to give priority to a number of problems relating to the overhauling of outdated agricultural institutions and to adverse market conditions, which affected grains in particular.

40. In conclusion, it was essential to strengthen the cohesion of the United Nations and its affiliated bodies; the latter were, more than ever, faced with an extremely difficult task, particularly in the immediate future, that of making themselves better known to the populations of the States which financed them, consulted them or made requests of them. Such increased cohesion was essential if the material and spiritual solidarity of all the elements of the international community was to become a reality.

41. Mr. RAHNEMA (Iran) proposed that the Algerian representative's statement should be issued in full as a Committee document.

It was so decided.^{4/}

42. Mr. MWIINGA (Zambia), stressing the importance of the economic element in world affairs, said that the countries of the developing world regarded the United Nations as the only remaining hope for the establishment of a just international economic order which was essential to the national survival of many of those countries.

43. The recommendations of the Second Committee, which would not only influence world economic development but also stimulate change in the political and social life of many of the developing countries, should therefore be framed with a realistic understanding of the urgent needs of those countries.

44. Zambia was facing the same economic difficulties as most of the countries which were suffering from the imbalance and backwardness that were the legacy of the colonial system. It had the further disadvantage of being a land-locked country, a disadvantage accentuated by the fact that with the establishment of the

^{4/} See document A/C.2/L.865.

Federation of Rhodesia and Nyasaland, its economic life had become totally dependent on Southern Rhodesia. For example, all of Zambia's copper, which had been the only resources exploited by the colonial régime, had been exported through Southern Rhodesia, which had derived an excessive profit from that traffic. Since the unilateral declaration of independence by that Territory, Zambia's political position had become even more delicate, and the Zambian Government was grateful for the assistance it had received during that difficult period, particularly under the United Nations Development Programme. Zambia was striving for economic independence not for purely selfish ends, but because that would enable it to contribute to the economic health of the world; it was trying to turn the assistance it received from the United Nations to the best account with a view to diversifying its economy, which was at present too dependent on the fluctuations of the copper market. It would gratefully accept any economic aid, from whatever source, which was given with respect for its political sovereignty and independence.

45. With reference to the Second Committee's agenda, his delegation supported the recommendations of UNCTAD and appealed to the industrial States to carry them out in order to stimulate world trade, if only because it was in their own interest. His delegation felt that the second session of UNCTAD should be held in early 1967, preferably in one of the developing countries of Africa or Asia. It hoped that the Conference would result in unanimous agreement on commodity price stabilization, supplementary financing, the lowering of tariffs in the industrial countries for the semi-manufactures of developing countries and the question of shipping and other transport costs.

46. His delegation fully supported the establishment of a United Nations capital development fund and hoped that the sound recommendations of the Committee set up for that purpose would be speedily implemented.

47. With regard to the acceleration of the flow of capital and technical assistance to the developing countries, his delegation thought that much more could be done by the industrialized countries if they adopted an attitude more compatible with the manifestly interdependent nature of the modern world. They could unquestionably carry out UNCTAD's recommendation A. IV. 2^{5/} that they should devote 1 per cent of their national income to economic aid to the developing countries. That was a small sum compared with what they spent on space exploration and armaments and would, in the long run, help greatly to ensure their security. Loans to the developing countries should be granted on a long-term basis and at a low rate of interest so as to ease their debt burden, and the interest rate for Government aid should not, in any case, exceed 3 per cent.

48. The industrialization of the developing world was becoming daily more urgent because of the serious problem presented by unemployment, and there was thus good reason to welcome the impending establishment of the United Nations Organization for Industrial

Development, Zambia, which took a keen interest in the question, hoped that its offer to act as host for the International Symposium on Industrial Development, which was to be held in 1967, could be accepted.

49. Finally, his delegation was particularly interested in items 48 and 49 of the agenda because of the gratitude it felt for the aid it had received from the United Nations Development Programme and the extremely valuable work done by the United Nations Institute for Training and Research.

50. Mr. VARELA (Panama) said that if the gap between the living standards of the industrialized countries—both those with market economies and those with planned economies—and the living standards of the developing countries was widening, it was certainly not because the latter had slackened their own efforts during the present decade. On the contrary, they had succeeded in many respects in increasing their own contribution to their development by mobilizing their domestic resources.

51. His delegation felt that in order to give fresh impetus to the progress of the non-industrialized countries, it was essential to balance the terms of trade in such a way that the advanced countries would not continue to grow rich at the expense of other countries. Furthermore, external financial assistance, whether from the public or the private sector, should be increased and provided on more favourable terms. As long as the structure of world trade and foreign aid continued to be based on the rigid principles of current orthodoxy, the efforts made at the international level would not permit attainment of even the modest objectives set by the United Nations. As the Minister for Foreign Affairs of Panama had said in the 1423rd plenary meeting, not only was the view of economic orthodoxy as the *sine qua non* of development not borne out by the history of the industrialized countries' development, but it also ignored the aspirations now surging up among the vast majority of the peoples of the world. The Second Committee should therefore adopt fair and reasonable decisions which all Members of the Organization could approve with the firm intention of fully implementing them so as to give concrete form to the spirit of co-operation by which, he did not doubt, the peoples of the industrialized countries were prompted.

52. The Committee would unquestionably deal vigorously with the question of industrialization and the related problems it presented for the developing countries, namely, the flow of external resources and the restructuring of international trade, in accordance with UNCTAD's recommendations. It should also give due consideration to the question of sovereignty over natural resources, for the economic growth and social progress of the poor nations largely depended on the development of all their resources, through their own efforts and with foreign assistance.

53. In conclusion, he wished to recall the words of the Managing Director of the International Monetary Fund at the recent meeting of the Boards of Governors of the International Bank and the Fund, when he had said that the industrialized countries should give their full attention to measures for facilitating access to their markets and stimulating the flow of investment capital and development aid. Those countries,

^{5/} See Proceedings of the United Nations Conference on Trade and Development, vol. I: Final Act and Report (United Nations publication, Sales No.: 64.II.B.11).

he had said, should try their best not to subordinate such action to the state of their balance of payments and their budget; if those principles were put into practice, the benefits of the increased growth of the

industrial countries could be shared more equitably with the developing countries.

The meeting rose at 5.10 p.m.

United Nations
GENERAL
ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1024th
MEETING

Friday, 7 October 1966,
at 10.40 a.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

GENERAL STATEMENTS (*continued*)

1. Mr. NEDIVI (Israel) observed that the Second Committee's capacity for compromise had facilitated the difficult negotiations on the establishment of the United Nations Development Programme (UNDP) and the United Nations Organization for Industrial Development (UNOID) and on many other matters. There were issues, however, on which it might be healthier to reach an agreement to disagree; a clear statement of differences on the flow of capital in the United Nations Development Decade, for instance, might well be a prime condition for change. The Committee might consider whether it would not be wise in certain cases to forego the search for illusive and self-defeating compromises.

2. Events had proved that the optimism engendered by development theories held at the opening of the Development Decade had been premature. It was still true, however, that capital formation was the essential ingredient of development. For the poor countries, development therefore meant dependence on the flow of capital from the rich countries. The international preoccupation with problems of under-development had led, in the latter countries, to an assault on social and economic barriers within their borders.

3. Peace-building in the form of development loans at commercial rates of interest was, however, self-defeating in the long run, and it was regrettable that undue emphasis on the value of self-help and the responsibilities of the developing countries, or the balance-of-payments difficulties of the developed countries, should be adduced as a reason for high interest rates and the slackening in the flow of development aid. Improvements in levels of nutrition, education and technology, and the removal of certain social, economic and cultural obstacles in the developing countries were required, but for the remainder of the Development Decade the main need was for an immediate and massive injection of capital.

4. Nevertheless, current indications were that there was little likelihood of an increase in capital aid in the near future. The Committee would therefore have to determine where the next best hopes lay for international co-operation on behalf of the less developed countries. One such hope undoubtedly lay in the implementation of the recommendations of the United Nations

Conference on Trade and Development (UNCTAD),^{1/} particularly those on the expansion of the trade of developing countries. If international efforts were stepped up, it should not be impossible for the second session of the Conference to be held in 1967 to make progress with commodity agreements and preferences, in addition to the limited advance so far made in the plan for supplementary financing.

5. As might be expected in the case of a plan which involved a departure from existing financing traditions, the Horowitz Proposal was still meeting with resistance from banking circles. A group of experts which had examined the proposal in April 1966^{2/} had shown little enthusiasm for it, but two members of that group from developing countries had expressed the opinion that the urgency of the developing countries' situation warranted an examination of ways and means of implementing it. In view of the fact that the proposal might well be the key which could open up the capital market to the developing world, his delegation hoped that both UNCTAD and the Second Committee would consider the matter in a spirit of solidarity with the representatives of developing countries in the group of experts. His Government also attached great importance to the work of the UNCTAD Group of Experts on International Monetary Issues and to the participation of spokesmen from the developing countries in discussions of international liquidity within the framework of the International Monetary Fund.

6. The current scarcity of resources made it essential for all the relevant United Nations bodies to decide on the priorities to be assigned to economic activities. The report of the Secretary-General^{3/}, prepared for the Committee for Programme and Co-ordination (formerly the Special Committee on Co-ordination) showed that programme budgeting was one way in which the kind of data required for such decisions could be obtained. An even better solution might be to have a separate chapter in the United Nations budget for economic and social activities. The report had shown that, without programme budgeting, it was impossible to assess the value of industrial projects or to relate individual projects to one another. The regional and international co-ordination of industrial development which was to be one of the main functions of UNOID would, of course, be of enormous value in that respect, and it was to be hoped that the International

^{1/} See *Proceedings of the United Nations Conference on Trade and Development*, vol. I: *Final Act and Report* (United Nations publication, Sales No.: 64.II.B.11).

^{2/} See document TD/B/C.3/23.

^{3/} *Official Records of the Economic and Social Council, Forty-first Session, Annexes*, agenda item 31, documents E/4179/Rev.1 and E/4179/Add.1-18.

Symposium on Industrial Development would produce guidelines and principles for the work of UNOID, as the first session of the Conference had done for UNCTAD.

7. The proposed review of the economic and other activities of the organs of the United Nations family would eventually necessitate system analysis. The Committee would have to consider whether existing systems were as functional and economical as they might be, whether there was duplication in, for instance, the work of the Special Fund component of UNDP and the international financial institutions and whether some of the Special Fund's activities might not with advantage be undertaken by other institutions. The cost to the developing countries of such defects was, after all, high in terms of services not rendered and local costs.

8. The contribution the United Nations could make to enhancing international co-operation for development should be concentrated on science, education and training, and novel approaches to the problems of development work. The Advisory Committee on the Application of Science and Technology to Development had advocated the application of existing knowledge to development, but it had also indicated that there were a number of directions in which new basic knowledge—and therefore special research work—could have a profound effect on the potentialities of developing countries.

9. All United Nations organs should devote an ever-growing share of their resources to education and training, in order to equip the developing countries with the trained manpower required to make the best possible use of all their available resources.

10. One new approach open to the United Nations was to utilize the services of non-governmental organizations, and even of individuals, to the greatest possible extent. That the necessary goodwill existed was demonstrated by such initiatives as that of the International Confederation of Free Trade Unions in arranging a world-wide economic conference in 1967 to assist the trade unions in the developing countries. It would be worth while for the administration of UNDP to study methods by which voluntary contributions might be supplemented by dedicated and unpaid individual service.

11. Mr. Donald MACDONALD (Canada) said that there were no more important subjects before the current session on the Second Committee than those related to economic development, since the collective action taken by the community of nations to meet the challenge of under-development would determine whether lasting peace, stability and prosperity could be achieved throughout the world.

12. The series of important international meetings held during the preceding year had been prompted by the realization that the objectives of the United Nations Development Decade were not being achieved. Those meetings had fostered not only a better understanding of the development process but a growing awareness of the fact that, if the Decade was to be successful, the nations of the world would have to make sacrifices on a scale that was only beginning to be appreciated. The insufficient flow of resources to

the poorer countries, the problems of debt-servicing and the difficulty of expanding and diversifying the developing countries' exports indicated that a much greater co-operative effort would have to be made if the phase of dynamic and self-sustaining growth was to be reached. Clearly, much more needed to be done to help the developing countries to increase their trade and their export earnings by improving access to markets for their exports and to devise and improve measures to stabilize commodity prices and trade; they could also provide the vital technical assistance to accelerate the process of industrialization. In the developing countries themselves, much remained to be done in the matter of land, economic and social reform, if new technologies were to be successfully assimilated and a wider basis provided for industrialization through regional and inter-regional co-operation.

13. In view of the importance of effective international machinery for the co-ordination of efforts in the economic sphere, the Canadian delegation had been gratified by the recent decisions of the Economic and Social Council to improve its ability to co-ordinate the work of many members of the United Nations family. There was scope for even closer co-ordination in programming aid between donor and recipient countries; in the trade sector UNCTAD was becoming an effective instrument and its second session would provide an opportunity for tangible progress, although it was probably too soon to define the areas where meaningful advances might be made.

14. There was an urgent need for an immediate renewal of the increase in the flow of development assistance and for improving the terms on which it was provided. He recalled that the Secretary of State for External Affairs of Canada had stated in the General Assembly (1413th plenary meeting) that the total aid resources made available by Canada had increased at an average annual rate of \$50 million, and had outlined steps which his country had taken for closer consultation with recipient countries, the diversification of assistance and the improvement of loan terms. Canada also firmly supported the expansion of resources for soundly conceived multilateral programmes and, subject to parliamentary approval, would increase its contribution to UNDP to \$10 million. It was to be hoped that contributions by other Members would permit the early achievement of the \$200 million target for UNDP, which was playing an increasingly crucial role in the co-ordination and effective implementation of United Nations assistance activities.

15. Canada had welcomed as an important step in regional multilateral co-operation the establishment of the Asian Development Bank, to which its contribution was \$25 million.

16. Canada, as a major producer and exporter of food-stuffs, also had a vital interest in the world food problem. Recent studies had highlighted the gravity of the situation and the urgent need for imaginative and vigorous efforts by developed and developing countries alike. The efforts of the latter to make certain fundamental changes in their economies in order to expand their agricultural productivity must be matched by new bilateral and multilateral efforts on the part of the former. Technical assistance was one of the

most important means by which donor countries could help, and Canada would give the highest priority to providing assistance in agriculture and fisheries, as well as increasing its present assistance in other spheres such as the supply of fertilizers, pesticides and farm implements.

17. In addition, Canada anticipated a continuing need for the provision of food supplies on an interim basis. In that respect, the World Food Programme, to which Canadian contributions had quadrupled during the past three years, had a central role to play. Canada regarded food aid not only as humanitarian relief for the hungry but also as an integral part of its regular development assistance. For example, Canada's dispatch of a million tons of foodstuffs to India in 1966 had freed foreign exchange resources for purposes more directly related to essential economic demands. Canada would continue to provide food aid in the form of grants rather than loans so as not to impose further strains in the debt-servicing capacity of developing countries.

18. At its last session, the Trade and Development Board had recognized that in the future increased attention should be given to assistance designed to encourage trade promotion activities. The United Nations was now equipped with better machinery to assess what needed to be done and to channel its efforts effectively. Much depended on the success of measures adopted by the developing countries to provide a wider base for their industrial development.

19. Canada welcomed the imminent establishment of the United Nations Organization for Industrial Development and would join with other States Members of the United Nations in seeking to make it an effective organ. Some teething troubles were inevitable. It was essential to smooth the path of the new Organization and to concentrate on ways and means of integrating it rapidly and effectively within the United Nations system. It could then draw upon the experience of other United Nations bodies concerned with industrial development and give a new impetus to the work already under way. Much thought should be given to the best means of developing full co-operation between UNOID and other bodies within the United Nations family.

20. Mr. INGRAM (Australia) stressed the inter-relationship between the economic and social aspects of development. That relationship explained why in recent years the Second Committee had been allocated such items as literacy, population growth and science and technology.

21. The General Assembly had been vested with authority in respect of economic and social co-operation (Article 60 of the United Nations Charter) and, as the number of subsidiary bodies increased, its role must become greater. It was the only high-level body which met annually with the full membership. If members of the Committee could not gain a general picture of what was important, the work of the United Nations family as a whole would lack coherence, no matter what decisions might be taken concerning the machinery of co-ordination. Co-ordination was essentially an attitude of mind, a willingness on the part of Governments to instruct their

representatives at the various meetings on the basis of common principles. The Committee would attain its objectives more easily if it concentrated on a few subjects of great importance instead of discussing a whole range of issues of varying importance. It followed that the importance of the general debate should increase rather than diminish. At some future date, the Committee might reconsider its procedure of reporting to the plenary Assembly, so as to achieve a more formal cognizance of the themes of its general debate.

22. In considering the future of the United Nations Development Decade, the Committee must bear in mind the relationship between economic and social development. So long as the subject was divided into compartments in a manner which stressed their separateness rather than their interdependence, it was difficult to frame a world development policy. The adoption of deliberate and concerted policies for the advancement of the developing countries had been made easier by the establishment of new institutions and by a wider recognition that development would depend on reciprocal action by developed and developing countries alike. It was encouraging that the developing countries had shown a real willingness to exchange experience in the implementation of their development plans and were prepared to use the United Nations as a forum for doing so.

23. Such an encouraging trend could help to remedy the stagnation in capital transfers to developing countries. Legislators in donor countries tended to be disenchanted with foreign aid not because they were less aware of the needs of the developing countries but because they were puzzled as to why, in the aggregate, living levels in developing countries had not improved.

24. Australia was especially conscious of its responsibilities towards the developing countries and was one of the few States which was continuing to increase its aid both absolutely and as a percentage of national income. Nevertheless, that aid still fell short of the 1 per cent target, because Australia occupied a unique position in the development continuum. Though having a high per capita income, it derived more than 80 per cent of its foreign exchange from primary commodities. It was also a net importer of capital. All of its aid was in the form of grants and none was provided in the form of import credits at commercial rates of interest. Thus, an uncritical use of the 1 per cent formula would not reflect the relative burden on the Australian economy. There was no such thing as a hard and fast division between developed and developing countries and, moreover, within those categories the circumstances of individual countries might be quite different.

25. Progress towards the goals of the United Nations Development Decade had been unsatisfactory especially in Asia and the Far East. The unsatisfactory rates of economic growth in that region were largely due to its inability to increase agricultural production quickly. Australia was considering ways in which it could intensify its aid to agriculture in developing countries. In the long term, the solution lay in increasing food yields per acre in the developing countries. Unfortunately, the gap between the food needs of some

developing countries and their ability to meet them from their own resources was widening to an alarming degree. Both bilaterally and through the World Food Programme, Australia had provided a substantial amount of aid in the form of agricultural commodities but it believed that the burden should be shared by all countries.

26. The long-term outlook for the developing countries would depend very much on the rapid establishment of efficient industry. Each developing country was the best judge of its own needs. If many of them considered that industrialization should be a primary objective, it was not for the other countries to tell them they were wrong. The question of priorities had to be worked out by each country for itself. It was impossible to be dogmatic or even to apply solely economic criteria. Australia itself had been criticized for embarking on a policy of industrialization some forty years ago and was now able to understand with great sympathy the industrial aspirations of the developing countries.

27. The close relationship between economic and social development was particularly striking in the case of industry. The Economic Survey of Asia and the Far East, 1965^{4/} showed that in the earlier stages of industrialization it was often economically advantageous to invest in labour-intensive industry. Moreover, rising wages in developed countries and related structural changes in industry had given the developing countries a comparative advantage as regards a growing range of labour-intensive manufactures. Since developed countries were relatively well supplied with capital, their production techniques tended to be capital-intensive. Unfortunately, there was a danger that developing countries would identify modern with capital-intensive techniques even though they themselves had limited supplies of capital and often surplus manpower. The Economic Commission for Asia and the Far East had concluded that developing countries should conduct research to devise production techniques best suited to their own factor endowment.

28. There was therefore considerable scope for adapting technology to the requirements of labour-intensive industry. His delegation hoped that the Advisory Committee on the Application of Science and Technology to Development and UNOID would give the closest attention to that matter. Research on the technology of labour-intensive industry might well prove most profitable for all developing countries. However, it was not enough for manufactured goods to be produced; they had to be sold. As the Australian representative had pointed out at the recent meetings of the International Monetary Fund and the International Bank for Reconstruction and Development, increasing emphasis should be given to measures likely to expand the international trade of the developing countries. The Australian scheme of preferences announced in 1965 was now in operation. While a final evaluation of its effect was not yet possible, it appeared to be a considerable success.

29. Mr. TOMOROWICZ (Poland) said he would concentrate on one basic problem which required special

consideration and action: that of the economic gap between the industrialized and the developing countries. The fact was that the industrialized countries increased their production and wealth faster than the developing countries, and the gap between them was widening dangerously. That situation was illustrated by the fact that in the first half of the United Nations Development Decade the developing countries had increased their per capita gross domestic product by only ten dollars or 1.5 per cent, to an average annual level of \$142 in 1965; whereas the same product of the developed countries for that period had risen by \$300, or 4 per cent, to an average of \$1,700. Although some developing countries had been able to improve their economic situation in the first half of the Decade, the over-all situation had remained very discouraging. The search for ways and means of reversing that unhappy trend was one of the most urgent and important tasks before the United Nations.

30. As the Under-Secretary for Economic and Social Affairs had shown in his statement to the Second Committee of 4 October (1023rd meeting), there was a dramatic need for concerted action, and although the efficacy of measures for economic development depended primarily on the efforts of each developing country, the members of the United Nations family could play an important part in accelerating the development process and alleviating the hardships connected with it. One of the areas in which the United Nations could and should undertake more effective action was that of agriculture in the developing countries. The total agriculture production of the developing countries had hardly grown in recent years, while their per capita food production had fallen because of rapid natural population increase. If that situation were not reversed, famine was likely to occur in large areas of the developing world. Because the situation was growing increasingly alarming, the Polish delegation believed that the study requested in 1965 by the General Assembly in its resolution 2096 (XX) on the means and policies which would be required for large-scale multilateral action to combat hunger, which the Secretary-General had already initiated, should be accelerated.

31. It was common knowledge that two necessary prerequisites for increasing the agricultural production of developing countries were an improvement in obsolete systems of land tenure and the development of industry. The prime importance of industrialization was commonly acknowledged, and it was therefore encouraging that industrial production in the developing countries had grown steadily by about 7 per cent a year during a first half of the Development Decade. However, progress had been uneven, and the developing countries as a group had been unable to increase their meagre share of world industrial production, which had reached 6.3 per cent in 1964.

32. The tasks confronting UNOID were therefore urgent. The new body should serve as an instrument for international co-operation, with special stress on assisting developing countries in the many complicated problems connected with accelerated industrialization. Because of the tremendous advance in technology and the rapid increase in population, those

^{4/} United Nations publication, Sales No.: 66.II.F.1.

problems were more difficult than the ones which had confronted countries now industrialized, and it was therefore of primary importance that every developing country should formulate a proper development policy and a consistent industrialization plan. The new Organization could help them by making available the experience of countries which had already embarked on industrialization. Poland, which had been able to increase and diversify its industrial production and to raise the level of its agriculture during the past twenty years, was ready to put its own experience at the disposal of UNOID or any interested developing country.

33. The new body might also make use of the excellent studies on planning techniques and the various economic and social systems, prepared in recent years by the secretariat of the Economic Commission for Europe. Another important task would be to improve the mobilization of resources, enabling an adequate level of capital investment to be attained in the developing countries, where the rate of increase of capital investment had fallen from more than 6 per cent per annum in the fifties to 4 per cent in the sixties—a rate too low to generate adequate growth.

34. The activities of UNDP should be directed more towards accelerating the rate of industrial growth in developing countries. While the present scope of its activities, which included more than 600 projects, more than 5,600 experts in the field and more than 3,000 fellowships, was impressive, only 24 per cent of its technical assistance and pre-investment expenditures in 1965 had been for industrial projects. The level of UNDP financing for individual industrial projects also seemed to be inadequate. The Polish delegation had always felt that UNDP should participate more actively in financing capital investment in the developing countries and place less emphasis on pre-investment. In that connexion, a suitable approach might be the financing of pilot plants in the context of national development plans.

35. The Polish delegation had repeatedly emphasized the fact that the natural resources of developing countries were essential to their economic development in general and their industrial progress in particular.

36. General Assembly resolution 1803 (XVII) declared that the right of peoples and nations to permanent sovereignty over their national wealth and resources must be exercised in the interest of their national development and of the wellbeing of the people of the State concerned, and the draft resolution which the Polish delegation, together with four other delegations, had submitted to the Second Committee at its previous session in order to give effect to that principle, would again be put forward for consideration.

37. The situation of the developing countries in the matter of trade and financial aid had also deteriorated considerably during the first half of the Development Decade. Their foreign trade was lagging behind that of the industrialized countries, and their import surplus, which had amounted to \$207,000 million in 1960, had dwindled to an insignificant \$300 million in 1965. The main causes of that disturbing situation seemed to be the increased burden of debt service, which had amounted to \$4,000 million in 1964, and the

dividends and profits paid on direct foreign investments, which had totalled \$3,000 million. The combined total of \$7,000 million amounted to more than one-fifth of the developing countries' export earnings in 1964, and would certainly be higher in 1965.

38. The situation was rendered still more disquieting by a sharp rise in the military expenditures of some highly industrialized countries. When United States defence expenditure, which reportedly amounted to \$1,500 million a week, was compared with the total annual flow of \$8,000 million from industrialized to developing countries, it sometimes seemed that the Development Decade was being transformed into an "armaments decade". The tremendous perils of that situation were evident from the fact that much of that expenditure on armaments was being systematically used by the United States for destruction in Viet-Nam. Quite apart from its political and moral aspects, the Viet-Nameese tragedy had a serious influence on the world economic situation. Directly, it meant the devastation of Viet-Nam's modest industrial and agricultural potential, the decimation of its population and the destruction of its irrigation system. By increasing international tension, it also had an adverse effect on the amount of national resources which industrialized countries could allocate for economic aid. A speedy end to the United States aggressive military operation in Viet-Nam would therefore be of vital importance.

39. Since net financial flows to the developing countries remained inadequate, it was clear that their only means of procuring the foreign exchange necessary for development was to expand their exports, for which purpose they should be helped by the whole United Nations family, and especially by the United Nations Conference on Trade and Development. The Polish delegation warmly supported UNCTAD's activities, particularly those aimed at increasing the volume of, and removing the obstacles to, international trade. While it appreciated the excellent research work so far done, it nevertheless believed that UNCTAD should focus less on studies and discussions and more on practical action.

40. Unfortunately, very little progress had been achieved in implementing the recommendations of the first session of the Conference. For example, only one commodity agreement, the Third International Tin Agreement, had been concluded, while the negotiations on sugar and cocoa had failed. Also, very little progress had been achieved in removing obstacles to trade: only a few developed countries had reduced or eliminated tariffs on primary products of developing countries, and then only for those commodities of secondary importance. Progress had been slow, too, in liberalizing qualitative restrictions and reducing tariff charges on manufactured or semi-manufactured exports of developing countries. There had even been some negative developments, such as the higher tariffs which the countries of the European Economic Community had imposed, with effect from 1 July 1966, on 860 items of importance for the exports of developing countries. In that connexion, he noted that the socialist countries had complied with the UNCTAD recommendations and were expanding their imports of manufactures and semi-manu-

factures from developing countries, which now totalled almost a fifth of their total imports from those countries. An important role in that process was played by bilateral industrial co-operation between enterprises of the socialist and the developing countries.

41. Nor had progress been made in reaching a greater measure of agreement on principles governing international trade and trade policies. The Polish delegation regretted that the draft resolution which had been submitted by a group of developing countries and supported by the socialist countries had not reached the voting stage at the last session of the Trade and Development Board.

42. If effective measures were to be taken to close the widening gap between the rich and the poor countries, there should be co-ordination not only of the efforts of all United Nations bodies, but also between them and the efforts of the developing nations themselves. As Mr. Raúl Prebisch, Secretary-General of UNCTAD, had pointed out, the possibility ought

soon to be examined of formulating an economic development policy in which the measures taken by industrialized countries and those taken by the developing countries would converge. The second session of the United Nations Conference on Trade and Development would provide an opportunity for thorough discussion of the problems. In formulating and implementing that development policy, the Economic and Social Council should have a special role: it should endeavour to formulate basic principles for the general economic policy of the United Nations, and in view of the great number of United Nations bodies involved in implementing that policy, it should increase its co-ordination activities. A maximum effort was required to speed up the economic development of more than two thirds of humanity, and to create the conditions of stability and well-being necessary for peaceful and friendly relations among nations.

The meeting rose at 12.30 p.m.

United Nations
**GENERAL
ASSEMBLY**

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1025th
MEETING**

Friday, 7 October 1966,
at 3. p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

GENERAL STATEMENTS (*continued*)

1. Mr. PADILLA (Philippines) expressed the hope that the Second Committee's recommendations would enable the General Assembly to take action which would contribute to world peace and stability. Coming as it did from a region beset with armed conflict, his delegation was gravely disturbed by the trend towards the dislocation of socio-economic systems which was emerging in the world. The tremendous advances in science and technology seemed hardly to benefit the great mass of mankind. The rate of economic growth was not rising appreciably, and the situation was made still worse by the population explosion. There was growing discontent in the developing countries, which urgently needed to attain a viable economy, not only to ensure their existence but also to safeguard their new political independence from their former colonial masters.

2. The concept of one world, on which the United Nations was based, could not be translated into reality without co-operation between the developed and the developing countries for the economic and social advancement of all the peoples of the world. United Nations bodies and institutions must, therefore, try to reduce the widening gap between the surplus and the deficit countries.

3. One of the most effective means of achieving that goal was to give the primary commodities of the poor and developing countries access, without unnecessary tariff barriers, to world markets, which were influenced, if not controlled, by the rich, industrialized countries. In order to increase the foreign exchange earnings that were so badly needed for the equilibrium of their balance of payments, the developing countries must also be guaranteed fair and stable prices for their primary commodities. Those prices were, of course, subject to the law of supply and demand, but a little understanding on the part of the rich countries could reduce excessive fluctuations, and those countries could, in any case, refrain from fixing the prices by concerted decision and thus determining the foreign exchange earnings of the exporting countries. The market was a buyers' market for raw materials, particularly agricultural products, but it was a sellers' market for manufactures sold to consumers, two thirds of whom lived in the deficit and less developed countries; hence it was that between the years 1953

and 1963, whereas the volume of trade in primary commodities had increased by 5.3 per cent and that in manufactured goods by 6.8 per cent, the prices of the former had fallen by 4 per cent and those of the latter had risen by 8 per cent. Because of the low price of their raw materials, the burden of servicing their debts, which absorbed a large portion of their foreign exchange earnings, and the heavy outlay on transport, banking and warehousing costs, the developing countries' sales of primary commodities scarcely sufficed to cover production costs. The United Nations Conference on Trade and Development (UNCTAD) had shown, however, that the great trading nations still preferred to conclude trade agreements with the developing countries that were based on political considerations rather than on rational considerations of mutual profit.

4. Despite the failure of the United Nations Cocoa Conference, UNCTAD must continue its efforts for the conclusion of mutually beneficial agreements that would ensure equitable and remunerative prices for the primary commodities and manufactures exported by the developing countries, such as cocoa, and, in the case of the Philippines, coconuts, embroidery and other handicraft products, to mention a few. The industrialized countries should, if need be, sacrifice some of their interests for the sake of a more equitable and stable international economic order. The economic growth of the poor countries depend, in fact, to a very large degree on the support of the rich countries: the former countries sold their primary commodities to the latter and their exports were often impeded by discriminatory and protectionist measures, as well as by the increasing use of synthetics; they bought their consumer goods from them, in particular machinery and equipment, the prices of which were constantly rising; finally, they turned to them for loans for development, which were often granted only subject to short repayment periods, at high interest rates, and tied to specific projects.

5. It was, therefore, to be hoped that the terms of development financing would soon be liberalized. Moreover, to accelerate the flow of capital to developing countries, it was essential that the United Nations Secretariat should systematize information on world investment, obtaining, for the developing countries, facts about sources of public and private financing and, for the developed countries, information on the developing countries' programmes and the advantages they offered to investors.

6. His delegation was glad to see the subject of tourism (item 53) on the agenda. Tourism and international travel was, indeed, a major source of foreign exchange for a great number of countries, but existing

disparities in airline fares, shipping routes and trade practices should be looked into. Means should also be found for extending assistance to the maritime industries of developing countries and admitting their shipping lines to the conferences serving their regions.

7. The establishment of the United Nations Organization for Industrial Development (UNOID) was a most welcome step. It would make it possible to co-ordinate all activities in that field and would, in particular, encourage the establishment of export-oriented industries and industries for import substitution and the production of fertilizers. He was confident that all United Nations bodies and the specialized agencies would take the necessary steps to co-operate with UNOID.

8. He hoped that UNOID would accept the Indian Government's offer and establish its headquarters in Asia, a continent which had for some months been playing a major role in world economic co-operation: Japan had formally pledged to devote 1 per cent of its national income to help the developing countries—a target so far reached only by France among the Western countries; the Mekong River Project was making steady progress, in spite of the conflict in that area; the Asian Development Bank had just established its headquarters at Manila; and the second session of UNCTAD was to be held at New Delhi. All that was in keeping with the principle of decentralizing the economic and social activities of the United Nations. In the same spirit, the Association of Southeast Asia, a centre for economic, social and cultural co-operation between Thailand, Malaysia and the Philippines, had just resumed operations, and nine countries in Asia and the Pacific region had recently agreed to set up the Asian and Pacific Council, a consultative organization for promoting closer economic, technical and cultural co-operation among its members.

9. Everyone knew that economic development and social progress were closely interlinked, and Iran had just set an example by contributing to UNESCO's literacy campaign the sum of \$700,000, equivalent to one day's military expenditure. The Second and Third Committees of the General Assembly thus had joint responsibility for ensuring balanced economic and social development and seeking to solve problems such as the population explosion, lagging food production, community development and town-planning.

10. In conclusion, he wished to make a fresh appeal to the highly developed countries to consider the problems of the developing countries sympathetically and to revise their trade and other policies in order to ensure the economic growth of the newly independent countries, which was essential to world peace and progress. Reciprocity in trade relations, which was a valid principle between two countries with comparable economic situations, actually worked against the developing countries, which had neither the capital nor the technical know-how needed to be on an equal footing with their industrialized partners. It was, therefore, regrettable and surprising that, while professing sympathy for the developing countries, many developed nations had declared themselves against the general principles recommended by UNCTAD or had abstained from voting on them; for not only were those countries' restrictive policies harmful to the

developing countries, but they might also, by reducing the latter's purchasing power, reduce the exports of the developed countries. The world could not survive if two thirds of its population were doomed to poverty and misery, and the rich countries could only ensure peace and prosperity by helping the developing countries to stand on their own feet.

11. Mr. RAHNEMA (Iran) said that the Second Committee's work in the decolonization process was important because the national independence of the developing countries, whether recent or of long standing, could not be really ensured without a parallel process of "economic decolonization".

12. At the forty-first session of the Economic and Social Council, the world economic situation had been considered for the first time by an enlarged Council, which included a large majority of developing countries, with a President who was a young diplomat from a country often cited as an example because of its fight for independence and of the free and intelligent co-operation which it had been able to establish with the former administering Power. Two outstanding factors accounted for the success of that session: the united and lucid action of the group of developing countries, which had thus been able to engage in a constructive dialogue with the representatives of the developed countries, and the sincere efforts by some of the latter countries to modify their positions which were often rigid owing to the existence of all-powerful social and economic structures in order to achieve desirable compromise solutions. The Council's resolution 1183 (XLI) on development financing had been the most fruitful result of the frank search for new solutions.

13. Apart from the important resolutions which the Council had adopted, its deliberations had thrown fresh light on the weaknesses and dangerous imbalance of the world economy. They had highlighted the loss of momentum of international aid and problems old and new confronting the developing countries. They had shown that only a miracle could reverse the trend of the developing countries to deteriorate but they had also shown that only the will to solve the problem was needed since, as the Secretary-General had said, the Governments of both the developed and developing countries possessed the means to stop the decay. The national income of the former countries was rising at an unprecedented rate and the latter had begun to mobilize their human and economic resources for their own development. Why then was the situation steadily worsening? Some people blamed it on the impatience and incompetence of the developing peoples; others, on the contrary, blamed imperialism and neo-colonialism which were trying to impose on the world an outmoded economic order incompatible with the development of the under-developed sectors. Many opinions lay between those two extremes, but all were agreed in recognizing the danger of the widening gap between rich and poor countries and the insufficiency of the aid provided by the former to the latter. Not enough was being done, however, to view the problem in a dynamic perspective of development on a global scale. His delegation considered that the interests underlying the present contradictions, though seemingly difficult to reconcile, could be reconciled

in the light of a dynamic new concept of the world economic order.

14. The world economy, if its output was compared with what could be achieved through technological and organizational progress, had all the characteristics of an under-developed economy in the academic sense of the term. It consisted of units with different goals and one-way relations; the developed units were dependent on external decisions, whereas the more developed were but islands of prosperity in an ocean of under-development. It was marked by a flagrant waste of economic and human resources, as great masses of workers were not participating in the general development effort, and also by the absence of any rational conception of general economic growth. The world economy, thus laid bare, revealed embarrassing aspects which must be taken into account when the major questions of the United Nations Development Decade were being considered. So long as the structures of the world economy remained inadequate for a full utilization of existing material and human resources, i.e., so long as the world economy remained under-developed, the goal of a universal society evolving in peace and democracy in accordance with the principles of the United Nations Charter could not conceivably be attained.

15. In an age of technological progress, the outrage of under-development had engendered an embittered philosophy which was spreading over a large part of the continent of Asia, a philosophy which advocated a strictly autonomous struggle in opposition to what it termed "the hypocrisy of international co-operation". If that concept, thanks to its often spectacular results, captured the imagination of those who were likely to be condemned to stagnation in the name of international co-operation, that would be the end of what the United Nations had so patiently tried to build up together. The struggle of the developing countries should be viewed in the general context of the fight against global under-development and for the promotion of a productive and dynamic world economy, the expansion of which would be bounded only by the frontiers of human knowledge.

16. Furthermore, the United Nations Development Decade should not be regarded, as was too often the case, as an operation to "rescue" the poorer areas and external aid should not be regarded as charity. If such aid was to have a salutary and lasting effect, it should be closely associated with the efforts of the recipient countries, since a simple transfer of funds from the richer to the poorer areas, unless part of a long-term global development plan, would be detrimental to all peoples, developed and developing alike. On the other hand, it must not be forgotten that the young nations were faced with obstacles which had been defined at the first session of UNCTAD and which the industrialized countries of today had never experienced at the time of their economic "take-off". It was for the latter countries to strive to eliminate those obstacles and, in that connexion, the long delay in implementing the principles and recommendations of UNCTAD was to be regretted.

17. His delegation was particularly interested in two items on the agenda. Firstly, there was item 44 on the conversion to peaceful needs of the resources released

by disarmament, which was very briefly discussed in paragraphs 613-617 of the report of the Economic and Social Council (A/6303) and a thorough study of which, unfortunately, was hampered by apathy resulting from a belief that the matter could not be seriously taken up before agreement was reached in the Disarmament Commission. His delegation did not share that view and it considered that, whatever the position of the great Powers was in regard to disarmament, the Second Committee could study the manifold aspects of the relationships which could be established from the standpoint of development, between military resources and expenditures on the one hand, and the objectives of accelerated growth, on the other. The Committee might also consider new possibilities of action. While such a debate might lead to the conclusion that it would be preferable to remove that item from the agenda of the Second Committee and transfer it to the Disarmament Commission, it might also open up new perspectives. In Iran, for example, the initiative taken by the Shah had made it possible to execute development programmes while maintaining the country's military potential at the minimum level required by national defence. To begin with, the equivalent of one day's expenditure had been deducted from the military budget as a contribution to the World Campaign for Universal Literacy. Next, and more importantly, thanks to the creation of the armies of knowledge, health and development, the military structures were being enlisted in the service of social and economic progress. Experiments of that kind deserved to be studied nationally and, if appropriate, internationally and the Second Committee might do so even if it decided to refer the specific question at present on its agenda to the Disarmament Commission. It might also examine the over-all problem under a broader heading such as, for example, "the conversion of the resources released by disarmament or borrowed from defence structures".

18. In regard to the World Campaign for Universal Literacy (item 47), his delegation wished to draw attention to Economic and Social Council resolution 1128 (XLI). In response to the appeal of Iran, which had already contributed to a UNESCO fund \$700,000, the equivalent of one day's military expenditure, Mali and the Ivory Coast in their turn had also contributed to the fund. While his delegation considered that the ideal solution would be to feed into the fund the resources released by disarmament, it appreciated the difficulties which such a solution might entail for certain countries and it wished the Committee to examine all possible ways and means of raising the \$4,000 million to \$5,000 million needed to eradicate illiteracy, which was indispensable from the economic as well as the social and human standpoint.

19. In conclusion, he hoped that the dialogue which had been so successfully started at the last session of the Economic and Social Council would continue even more constructively in the Second Committee in order to give real content to what the Under-Secretary for Economic and Social Affairs had described as "mutual commitments" on which any genuine international co-operation would depend.

20. Mr. MIROSHNICHENKO (Union of Soviet Socialist Republic) said that the twenty-first session of the

General Assembly coincided with a disquieting deterioration of the international situation. After recalling the economic and social aims of the United Nations, as defined in the United Nations Charter, he said that hundreds of economic and social bodies had been established and numerous resolutions adopted during the past twenty years to fulfil them. Many of those decisions were progressive and aimed, for example, at strengthening the economic independence of the young States and the public sectors of their economies, modifying through industrialization the outdated economic and social structures they had inherited from colonialism, training cadres of technicians on a nationwide scale, etc.

21. Nevertheless, the situation in that important branch of international relations not only remained abnormal but had even become worse. Two thirds of mankind were still suffering from hunger and disease. Per capita production and consumption in the developing countries was twenty to forty times lower than in the industrial countries. The entire world economy and the development of international economic co-operation were suffering more and more from the evil consequences of the war of aggression unleashed by the United States in South-East Asia. The intensification of the war in Viet-Nam was destroying the fruits of the peaceful toil of the people, exterminating thousands of human beings and undermining the economic development of many countries.

22. The policy of military aggression rendered important United Nations economic and social decisions inoperative; it led to an increase in military expenditure in a series of other countries and constituted defiance of the United Nations Charter.

23. An analysis of the world economic situation led to the conclusion that the so-called "boom" which several Western Powers, chiefly the United States, were experiencing, was due largely to the growing militarization of the economy and a frantic arms race. It was, therefore, hardly surprising that economic development was unsound and spasmodic and was producing distortions and a lack of balance in different economic sectors. Those considerations should be borne in mind in any study of such phenomena as the accelerated renewal of fixed capital, the growth in demand, the increased intervention of the public authorities in economic processes, and the worsening of inflationary trends. The militarization of the economy of a number of Western Powers was hampering the regular development of international trade and increasing the instability of the entire world economy. Militarization, as stated in the report of the International Bank for Reconstruction and Development and the International Development Association,^{1/} also constituted the main obstacle to the economic independence of the developing countries. That was why, in the opinion of the Soviet delegation, the United Nations and the specialized agencies, when examining the economic and social consequences of disarmament, should put greater stress on the harmful effects of the military adventures of the imperialist Powers and of

the militarization of their economies on the world economic situation and economic growth of the developing countries.

24. The economic situation of those countries was hardly conducive to optimism. The extreme shortage of financial resources, their mounting external debts and the problems connected with the accumulation and rational utilization of their resources continued to be a source of serious difficulties for those countries. Of course, success in that direction was conditioned by the social and economic structure of each State and its political options. In their efforts to solve those problems, certain developing countries had not yet attempted to rid themselves of the imbalances inherited from colonialism or created by neo-colonialist tendencies. The developing countries were justified in demanding the transformation of an outdated international division of labour. In particular they were rebelling against the unfavourable terms of trade which were still imposed upon them by the monopolies of the great imperialist Powers, the consequent instability of commodity prices, the high import tariffs of the industrial countries, and the tendency of the latter to export industrial products duty free to the developing countries. It was important to realize that the huge and growing profits reaped by Western companies, which represented a major item in the balance of payments of many capitalist countries, were neutralizing the fresh resources flowing to the developing countries in the form of aid and investments.

25. The United Nations Secretariat, in spite of the resolutions adopted, was continuing more or less to ignore the problem of the flight of capital from the developing countries and preferred, for easily understandable reasons, to study scrupulously the flows of capital to those countries. In that connexion, he stressed that the socialist countries were in no way responsible for the difficult economic situation of the developing countries. Thus, it was absurd to classify the socialist States with the colonial Powers in the same category of "rich" countries when the real issue was that of compensating for the harm caused by colonialism and the activity of capitalist monopolies.

26. Industrialization was one of the most effective ways of overcoming the economic backwardness and dependence of the developing countries. The Soviet delegation noted with satisfaction that industrial production in those countries had risen in the last few years. But that was only a beginning. Their share of world industrial production had, unfortunately, not changed. It was natural that a great many of them were endeavouring, in order to speed up their industrialization, to make great use of the United Nations and its associated organs. He expressed the hope that the establishment of UNOID and the holding of the International Symposium on Industrial Development would contribute to the expansion of world industrial production. The new Organization would only be able to carry out its mission if it aimed at intensifying international co-operation for example through the exchange of information and the fruits of experience. In particular, it should take steps to help the developing countries to establish national industries based above all on the public sector of the economy.

^{1/} Annual Report, 1964-1965 (Washington, D.C.), and supplementary information for the period from 1 July to 31 December 1965, transmitted to the Economic and Social Council by notes of the Secretary-General (E/4129 and E/4129/Add.1—E/4130/Add.1).

27. With the establishment of UNOID, important changes must be made in the United Nations Development Programme (UNDP). The administrators of the Programme must abandon its negative attitude towards increased technical assistance for industrialization: the resources and means they earmarked for it were far from sufficient. In 1965, UNDP investments in industry had been much less than in 1964. The number of fellowships awarded in connexion with industrial development had likewise diminished. The unused resources of the Programme had amounted to \$403 million at the beginning of the current financial year. Nor had the Soviet Union's contributions been fully utilized. That abnormal situation must stop. The Programme's funds must leave the safes of the Western Powers and be used for industrial development.

28. Passing to the question of a United Nations capital development fund, he recalled that, at the twentieth session of the General Assembly, his delegation had voted in favour of the consolidation of the Special Fund and the Expanded Programme of Technical Assistance in a United Nations Development Programme. It still believed that a capital development fund should be created by progressive transformation of the Special Fund and, consequently, of the UNDP of which the Special Fund was now a component.

29. His delegation was happy to note that there was renewed United Nations activity in the field of planning. It hoped that the Committee for Development Planning would contribute to the solution of industrial development problems. The Soviet Union, for its part, was ready to make the experience it had acquired in that field available to the developing countries.

30. The economic and social advancement of the developing countries was closely linked to the achievement of democratic agrarian reforms. A backward agriculture hampered industrial development, which was in many respects based on agriculture. In spite of its current importance, the question of democratic agrarian reforms was appearing less and less frequently on the agendas of the economic organs of the United Nations. That was an abnormal situation and it should be corrected. So far as it was concerned, the Soviet Union was prepared to make its experience with respect to agrarian reform and other problems of agricultural production available to interested countries, for example, by organizing seminars and visits, offering scholarships and participating in other multilateral or bilateral measures.

31. An analysis of the economic position of the developing countries also showed that all their growth problems were directly linked to the question of their sovereignty over their natural resources. However, there was a clear tendency to avoid the question of sovereignty and to deal instead with the question of increasing the flow of private capital and of providing special guarantees for such capital. His delegation had always considered that relations with young States should be based on respect for their sovereignty, equality of rights and mutual advantage. It would resolutely oppose compromises or half-measures with respect to that question of principle.

32. The Soviet Union shared the concern of the developing countries over the deterioration of the

terms of trade, the growing deficit in their balance of payments and the increasingly numerous discriminatory measures being applied by certain developed capitalist countries. What was more, certain Western Powers refused to apply the most-favoured-nation clause to socialist countries or practised in political discrimination, blockades and boycotts.

33. Such trade policies were, quite obviously, in flagrant contradiction with the letter and spirit of the United Nations Charter and with the principles adopted by the first session of the United Nations Conference on Trade and Development. Certain Western Powers were hindering the Trade and Development Board's efforts to implement the decisions of the Conference. They must be called upon to renounce their negative attitude and to fall in with the views of the majority.

34. The Soviet Union attached great importance to the implementation of UNCTAD's decisions and was continuing to develop and strengthen its trade relations with other countries. It ranked fifth highest in the world in volume of trade (approximately \$16,400 million in 1965). Its trade with the developing countries had considerably increased in 1965 and the growth rate of its trade with that group of countries was higher than the growth rate of its total international trade. That was how it intended to contribute in practical terms to the implementation of the recommendations of the Conference. Moreover, the trade agreements it had concluded with Pakistan and Brazil made provision for those countries to supply manufactures and semi-manufactures, and that was also in line with one of the important recommendations of the Conference. From 1955 to 1965, the number of developing countries which had concluded economic and technical co-operation agreements with the Soviet Union had risen from two to twenty-nine. Under those agreements, the USSR was helping those countries to build 600 plants in all branches of the economy (iron and steel industry, mechanical engineering, light industry, food industry, agriculture, electric power stations, etc.). There were 170 plants built with Soviet technical assistance already in operation. The Soviet Union had sponsored a whole series of proposals designed to protect the economic interests of developing countries. One of them was to strengthen efforts to stabilize commodity prices by concluding appropriate stabilization agreements. The Soviet Union was also expanding its relations with developed capitalist countries and with socialist countries, in particular with the German Democratic Republic. In that connexion, it was regrettable that that country still could not take part in the work of UNCTAD. The United Nations Conference on Trade and Development, which would only gain if it were open to all, should have as its primary objective, at its second session, the consolidation of the positive results of the first session.

35. The current year was the first year of the new Soviet five-year plan, which called for an increase in national income of the order of 38 to 41 per cent, while industrial production was to increase by approximately 50 per cent and agricultural production by 25 per cent. *Per capita* income was to be raised by approximately 30 per cent. The new plan had got off to a good start and the targets set for the first half

of 1966 had been exceeded. In 1966, the Soviet Union had proceeded to a reform of the national economy, mainly consisting of the introduction of new planning methods and new economic incentives. The reform had been made necessary by a considerable expansion in production potential. While maintaining central-planning direction of all important aspects of the country's economic development, the new system considerably enlarged the scope of initiative and the autonomy of the enterprises. The Soviet economy was based on collective ownership of the means of production and there was no question of a "restoration of capitalism", referred to by those who mistook their wishes for facts. The aim of the reform was to use the mechanisms of goods production characteristic of socialism in a more flexible and effective way and thereby strengthen socialist production relations. The new plan was also designed to improve agricultural planning and raise the growth rates of agriculture and the consumer goods industry.

36. In conclusion, he again emphasized that the main dangers at present in the economic field were neo-colonialism in all its forms and the militarism of the imperialist Powers. The United Nations should take up the struggle against those phenomena without delay. Everything should be done to ensure that United Nations decisions were implemented in the economic and social fields and to compel the imperialist States to observe the provisions of the Charter. The instruments of economic co-operation must not be transformed into tools of political pressure. The Soviet Union, for its part, would do all in its power to promote international economic co-operation within the framework of the United Nations and would support all measures to protect the economic independence of young States.

37. Mr. ROOSEVELT (United States of America), speaking in exercise of his right of reply, objected to the Soviet representative's assertion that the United States had started the war in Viet-Nam. The Second Committee was not, in any case, the proper forum for a discussion on that subject. Everyone who had heard the statement by his country's representative in the General Assembly (1412th plenary meeting) would be aware that the United States wished to reach a peaceful settlement in Viet-Nam. But peace could not be secured unilaterally; both parties had to contribute to a solution by agreeing to negotiate on finding a reasonable and honourable way of ending the conflict, so that all the resources used for the war could be devoted to development. All States had a duty to contribute to the establishment of peace; it was impossible to ask one side alone to make concessions. The United States would welcome any development that might lead to negotiations.

38. Mr. MIROSHNICHENKO (Union of Soviet Socialist Republics), speaking in exercise of his right to reply, said that the Second Committee could not deal with the normalization and development of international economic co-operation in the abstract, without reference to the actual world situation. The war of aggression which United States military circles were waging in Viet-Nam was doing serious harm not only to the Viet-Nameese people, the actual victim of aggression, but also to the world economy and its development,

the normalization of international trade and the solution of problems of economic growth in the developing countries. Aggression and war were incompatible with the objectives of economic co-operation. Representatives of the United States had often claimed that they were ready to seek a political solution for Viet-Nam but their statements were belied by the constant intensification of the war. The alleged peace move by the United States was, in fact, merely a diplomatic manoeuvre to mislead world opinion and pave the way for a further intensification of the war against the Viet-Nameese people. The USSR Government categorically condemned United States aggression in Viet-Nam and demanded that it be stopped forthwith. It fully supported the programme of the Government of the Democratic Republic of Viet-Nam and the National Liberation Front for a settlement of the conflict—a programme which was wholly in accord with the Geneva Agreements of 1954. The United States must stop bombing the territory of the Democratic Republic of Viet-Nam, withdraw all its armed forces and those of its allies from South Viet-Nam and allow the Viet-Nameese people to decide on its future for itself.

39. Mr. ROOSEVELT (United States of America) pointed out that his Government had suggested curtailing its military operations in Viet-Nam provided that the other side was ready to do the same. He asked the Soviet representative if he would be prepared to make representations to that effect to the other side.

40. Mr. MURAYA (Kenya) observed that, in the first half of the United Nations Development Decade, economic growth had continued to expand in the developed countries, while it had remained almost stagnant in the developing countries producing primary commodities and their trade gap had continued to widen as a result of the fluctuating prices of such commodities, the high prices of imported manufactured products and the trade barriers imposed by the developed countries on imports from the developing countries. World liquidity had declined as a result of restrictive measures imposed by the developed nations, and available development loans were now subject to high interest rates, which the developing countries could not bear much longer. If that state of affairs continued, the rich countries would become richer and the poor ones poorer still.

41. The developing countries wished to increase their foreign exchange earnings in order to boost their economic growth, regardless of the political and ideological considerations of the great Powers. In their foreign trade, however, they were faced with high tariff barriers imposed by their so-called well-wishers on their manufactured and semi-manufactured goods. The developed countries, with their price support programmes, internal taxation systems, subsidies for primary products and incentives for the manufacture of synthetic products and substitutes, were threatening certain major primary products of the developing countries. It was no longer enough for the developed countries to express concern over the problems of the developing countries, and to expect them to depend indefinitely on economic hand-outs. If they wished to take some positive action, exports from the developing countries should be given wider access to world markets, and trade restrictions should be

abolished. That was a matter of urgency and grave concern to the developing countries, and international action was requested to reduce price instability and increase the export earning capacity of the developing countries. But export earnings were only a small proportion of any given development budget, and the developing countries would therefore continue to depend on an inflow of resources from the developed countries—an inflow which should be constantly increasing.

42. The developing countries were aware of the need for industrialization to ensure that their economies would no longer be dependent on one or more primary commodities and would no longer be affected by fluctuations in the price of those commodities; but to industrialize and diversify their economies they needed capital, skilled manpower and technical advisers. Hitherto, they had relied almost entirely on bilateral economic assistance, which, though highly welcome, had a number of shortcomings. In many instances it was provided for specific projects rather than a co-ordinated development programme and was offered on condition that materials and technicians were obtained only from the donor countries, which thus derived more advantage from assistance of that kind than the recipient countries themselves.

43. The foreign investments which the developing countries needed for their industrialization had created foreign economic enclaves which repatriated most of the profits made. Further, the fact that the bulk of the industrial sector in developing countries was owned by foreign investors had serious implications for local manpower. The latter was not obtaining a fair return for its labour, and the recruitment of local staff at the managerial level was not progressing, except for appointments to certain senior posts which did not carry any genuine responsibilities. Economic and

political domination by foreign business interests had often obliged political leaders in the developing countries to sacrifice their national interest in order to attract and protect foreign capital. Economic growth was meaningful only if the people of the countries concerned received most of the benefits, and that had so far not been the case with bilateral aid and private investments. Accordingly, the developing countries regarded the creation of the United Nations Organization for Industrial Development as a landmark in their economic and social progress, and his Government had invited UNOID to establish its headquarters at Nairobi.

44. While tourism was becoming a major source of foreign exchange earnings, the benefits which it provided for the economies of the developing countries were still very small, since most of the earnings from that source went to foreign hotel-owners, airlines and travel agencies. The United Nations should help the developing countries, which still lacked the necessary capital and experienced manpower, to establish local tourist industries, and the developed countries should encourage co-operation between their airlines and the national airlines of the developing countries and should abolish currency restrictions in order to allow their nationals to travel more. The developing countries, for their part, should conclude regional agreements for the abolition of customs and immigration formalities, which were an obstacle to tourism.

45. He appealed to the developed countries to provide financial aid on more generous terms, and to the developing countries to use that aid in a more judicious manner, so that the remaining years of the United Nations Development Decade might prove more beneficial for all of mankind.

The meeting rose at 5.35 p.m.

United Nations
**GENERAL
ASSEMBLY**

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1026th
MEETING**

Monday, 10 October 1966,
at 3 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

GENERAL STATEMENTS (continued)

1. U THET TUN (Burma) recalled that, in the 1424th plenary meeting of the General Assembly, the head of the Burmese delegation had emphasized that inequalities in wealth and social injustices were potential sources of conflict and no less a menace to the world than the threat of war. During the first half of the United Nations Development Decade, not only had the modest targets set not been reached, but the rate of growth of the developing countries as a whole had been lower than before the Decade, while their populations continued to grow at an alarming pace. The gap between the per capita incomes of the developed countries and those of the developing countries had widened further. There was something profoundly unjust and wrong in a world system of economic relations which made the rich richer and the poor poorer—whatever the sophisticated theories of the economists might be on the subject—and which led to an increasing bipolarization of the world into North and South, when it had not yet solved the problems of the division between East and West.

2. True, the United Nations had not remained idle. Thus, in its last report (A/6303), the Economic and Social Council had noted that there was now a far better understanding of the complexity of the economic development process, whereas in its previous report^{1/} it had confined itself to saying that the advances made by the developing countries themselves proved that it was possible to lessen the gap between the rich and the poor nations. The Council had also unanimously adopted resolution 1152 (XLI), in which it recognized that planning on a long-term, continuing basis could contribute towards economic and social progress. In that connexion, the Committee for Development Planning had prepared projections of world economic trends which would provide useful guidance to smaller countries heavily dependent on international trade in their planning work.

3. The Advisory Committee on the Application of Science and Technology to Development had recommended at its fifth session a World Plan of Action^{2/} to secure rapid advancement in the developing coun-

tries, but the additional resources needed for the implementation of the Plan would undoubtedly be hard to find, to judge from the fact that, at the Pledging Conference which had just been held, the United Nations Development Programme (UNDP) had fallen short of the \$200 million on which it had been counting.

4. Governments, in their desire to accelerate their economic development, had often set off inflationary trends in their countries.

5. Consideration of the many obstacles to development and of the possibilities offered by the conversion to peaceful ends of the resources released by disarmament showed what a poor economist and social scientist twentieth-century man was.

6. Moreover, rapid population growth, particularly in the under-developed countries of the world, compounded the development problem. In that connexion, the poor countries were usually divided into the over-populated and the under-populated, on the basis of the man-land ratio, which was still used for the developing countries, whose production depended largely on land, although it was now generally agreed that other factors besides production should also be taken into account. It had been argued that population pressure led to under-employment of the rural population in the developing countries. However, if dynamic use was to be made of the man-land ratio, the rate of population growth should be compared with the growth rate of output as a whole and that of food production in particular. Recently, moreover, the problem of feeding hundreds of millions of people, let alone the improvement of their living levels, had assumed ominous proportions.

7. In the past, peace and progress had not been achieved for lack of international co-operation. Today, the necessary machinery existed, having been patiently built up over the years, particularly in the economic and social sectors, in which the United Nations had at its service many institutions for analysis, research, training, technical assistance and pre-investment. The Second Committee would very soon be giving final shape to the United Nations Organization for Industrial Development (UNOID). All it would need then would be a truly multilateral capital development fund. However, any aid could be nullified by worsening terms of trade, and hence regular meetings of the United Nations Conference on Trade and Development (UNCTAD) and the Trade and Development Board should draw the attention of the public to trade and development problems.

8. However, if all that machinery was to be more than a fresh demonstration of Parkinson's Law on an international scale, the developed countries must be motivated by a genuine will to make it work so as to produce the results for which it was intended.

^{1/} Official Records of the General Assembly, Twentieth Session, Supplement No. 3.

^{2/} See Official Records of the Economic and Social Council, Forty-first Session, Supplement No. 12, para. 22.

9. Mr. DEWULF (Belgium) said that throughout the last two years his delegation had taken part in all UNCTAD's activities and meetings with conviction and devotion. It had never concealed its interest in the work to be done to encourage international trade. Nevertheless, it had never hesitated to say that it found the Final Act of the Conference,^{3/} excessively dogmatic and that the targets set forth in the body of recommendations were incomplete, impossible to achieve in some cases, and often lacking in cohesion.

10. In spite of the misgivings aroused by the slowness of the progress made by UNCTAD, the differences were being ironed out; the areas of possible agreement were more clearly visible and a more pragmatic attitude was emerging with respect to the real problems of international trade. Efforts must henceforth be concentrated on the second session of the Conference scheduled for 1967, for which Governments and secretariats should make thorough preparations.

11. With respect to primary commodities, Belgium was still in favour of organizing the markets, where a solution proved possible and desirable for a specific commodity. It felt, in particular, that with very careful preparation, a resumption of the United Nations Cocoa Conference should lead to a satisfactory result. More specifically, the adoption of the elaborate control system that had already been worked out would represent a remarkable advance so far as primary commodities were concerned. Negotiations on other commodities would probably prove necessary in the future. However, the guarantees given to producers under agreements of that kind should not obscure the fact that trade expansion possibilities would not meet the vast needs of development if the expansion was oriented only towards the markets of the industrialized countries. Actually, demand on those markets was often very sensitive to prices. It was not unlimited, and technological advances were such that substitute products might at any moment radically change the situation of the existing markets. Thought must therefore be given to opening new ones through internal consumption and, especially, through regional co-operation. Technical and financial assistance in the marketing of commodities should never overlook those important prospects. In that connexion, it was to be regretted that consideration of the problems relating to regional development had been relegated to the twenty-second session of the General Assembly.

12. With regard to the problem of industrial development, he noted that it was urgently necessary for the developing countries to diversify their production. In order to do so, UNCTAD should avoid theoretical studies and focus on practical and operational industrial development activities. The advice it could give would often have a decisive effect on the success of industrialization operations. The establishment of export-oriented industries appeared to be the final goal of the industrialization process, but at the outset the projects should aim at meeting domestic and regional needs. That was the surest way of raising the purchasing power of peoples and thus increasing consumption. In addition, industrialization which aimed

at producing capital goods that were usually imported was just as likely to stabilize the balance-of-payments situation as industrialization which was export-oriented. The establishment of "industrial trades" and the absorption of under-employed manpower should be the major concerns of statesmen, and the best way to reach that goal would often be to set up small industries, and even—let it be said—artisan industries; for as the history of the nineteenth century showed, the industrial explosion had occurred mainly in regions in which generations of craftsmen had created solidly based technical traditions.

13. The economic and financial difficulties confronting Belgium had not weakened its Government's resolve to increase its assistance and to improve the ways in which it was furnished. Since 1963, Belgium had been devoting more than 1 per cent of its national income to international assistance. He was happy to note that one of the few sections of the Belgian budget for 1967 which showed a definite increase was the section relating to co-operation for development. In particular, Belgium had decided during the present year to contribute \$5 million to the capital of the Asian Development Bank and was continuing to meet the obligations contracted through its affiliation with the International Development Association (IDA) which involved a total contribution of \$16.5 million to be paid before 8 November 1967. In February 1966, the Democratic Republic of the Congo had received a suppliers' credit of 1,000 million Belgian francs at an interest rate of 3 per cent from Belgium.

14. In addition, the Belgian Government had decided to increase its contribution to the United Nations Development Programme as well as to the scheme of expanding the use of associate experts and expected to contribute \$200,000 for industrial development purposes. The Government was endeavouring to associate the private sector more closely with assistance efforts and had introduced a system of grants for voluntary associations promoting development. Moreover, several Belgian non-governmental organizations, acting in close co-operation with the public authorities, were sponsoring many rural development projects in certain African and Latin American countries. For several years now, the system of exemptions from military service for young men who agreed to work for at least three years in a developing country had increased the assistance which Belgium was providing for development in terms of human resources.

15. However, the objective set by the United Nations and by UNCTAD for financial assistance had been difficult to attain for many economic, financial and budgetary reasons, since capital formation involved a whole series of such complex factors as currency, the budget, the exchange rate, credit, the balance of payments, business management, economic risks, etc. Moreover, it was difficult to quantify with any accuracy the results of the efforts made and it was not always easy to evaluate the volume of assistance exactly, particularly transfers of private capital, and especially of non-commercial private capital. It might be said, however, that with such private donations, a vast movement of solidarity, which usually escaped the watchful eye of the statistician,

^{3/} See Proceedings of the United Nations Conference on Trade and Development, vol. I: Final Act and Report (United Nations publication, Sales No.: 64.II.B.11).

was spreading in the world. The fragile nature of such capital flows made it necessary to bring the views of exporters more and more into line with those of importers on the objectives to be attained.

16. The food problem was no longer just a matter of facilitating the sale of goods or of denouncing protectionism; it was now time to face up to the threat of food shortages which might spread to large parts of the world. It was urgently necessary for the industrialized countries to maintain, and even increase, agricultural production without, however, abandoning the search for a better balance in the organization of markets or losing sight of the goods which were of particular importance to the developing countries. There was also an urgent need to improve the agricultural techniques of those countries. The permanent advantages of the resulting expansion in agriculture would, in the long run, be greater than those of any direct food aid programme. In its bilateral programmes, Belgium had always preferred over-all assistance, both public and private, for the development of agricultural production to direct food aid. The study on multilateral food aid requested by the General Assembly in its resolution 2096 (XX), which was being carried out by the United Nations and the Food and Agriculture Organization of the United Nations (FAO), should make it possible to evaluate that crucial question more accurately.

17. Co-ordination could be viewed at two levels: at the level of secretariats and at the level of inter-governmental organs. It was necessary to co-ordinate the activities of the various secretariats more efficiently. The Administrative Committee on Co-ordination, of which the Secretary-General and the Executive Heads of the specialized agencies were members, could help. Too often Governments had to arbitrate real conflicts of competence, where exchanges of views between secretariats would avert many difficulties. In any case, the final decisions would always rest with Governments, and the role of the organs on which the representatives of Governments sat was also essential.

18. In any case, given the scope of United Nations activities to promote development, and the fact that it was increasingly impossible to retain a co-ordinated over-all picture of all its activities, it was essential to strengthen the central role of the Economic and Social Council, whose responsibility for co-ordination derived from the United Nations Charter itself. Legal discussions on the status of certain organs, or on their institutional links with the Council or the General Assembly, seemed rather pointless at the present stage. Transformation of the Economic and Social Council into a place for reflecting on, combining and co-ordinating all development activities would in no way derogate from the autonomy of the various organs, while at the same time it would enable the Council to formulate a methodical and concerted policy.

19. Mr. HAMEED (Ceylon) said that it was ironical that one of the salient features of the first half of the United Nations Development Decade in Asia had been a decrease in the general rate of economic growth as compared with the previous decade. The economy of Ceylon illustrated that situation. While the average annual growth rate of the real national product during the previous decade had been 3.5 per cent, or slightly

ahead of the population growth rate, it had fallen to 2.1 per cent during the first half of the Development Decade, while the population growth rate had been 2.6 per cent, thus causing a decline in per capita income. The performance of the economy might have improved in 1965 if adverse weather conditions had not caused the output of rice to fall by one third as compared with 1964, and the rate of increase of the gross national product had thus dropped to 2 per cent.

20. In 1965, external payments had continued to exert pressure on the Ceylonese economy and, while the terms of trade had improved by 1.2 per cent, in contrast to a 2.6 per cent deterioration in the previous year, the inadequacy of external reserves and the need to import food-stuffs because of the poor rice harvest, had forced Ceylon to curtail drastically its imports of other consumer goods and capital goods; in addition, it had had to resort to drawings from the International Monetary Fund. By taking those measures, Ceylon had managed to increase its foreign assets in 1965 by 89 million rupees, as compared with a decline of 111 million rupees in 1964. The future remained dark, however, since the prices of the staple export commodities of Ceylon—tea, rubber and coconut—had declined in 1966 much more than the Ceylonese Government had anticipated when it had prepared its budget. The delegation of Ceylon was therefore keenly disappointed that there were no signs of international action being taken to stabilize and support primary commodity prices.

21. On the other hand, the delegation of Ceylon welcomed the establishment of the Asian Development Bank as an outstanding example of international co-operation which would foster understanding among Asian countries and would certainly help to combat illiteracy, hunger and disease in the great Asian sub-continent.

22. Ceylon had not benefited significantly from international assistance in previous years and was now embarking on programmes requiring additional external resources, at the very moment when the international flow of capital for development seemed to be slowing down. His delegation therefore endorsed all the pleas for augmenting the flow of resources and for improving the terms on which such resources were made available; in that connexion, it was encouraged by the recent report of the International Bank for Reconstruction and Development and the International Development Association^{4/} and the report of the International Monetary Fund^{5/} which showed a growing awareness of the situation of the developing countries.

23. In his view, simplifying the procedures for the supply and use of assistance, which were particularly complex in the case of assistance tied to projects, could ease the problems of the developing countries and make assistance more prompt and more effective.

^{4/} Annual Report, 1964-1965 (Washington, D.C.), and supplementary information for the period from 1 July to 31 December 1965. Transmitted to members of the Economic and Social Council by notes of the Secretary-General (E/4129 and E/4129/Add.1-E/4130/Add.1).

^{5/} Annual Report of the Executive Directors for the Fiscal Year ended April 30, 1965 (Washington, D.C.), and supplementary information for the period from 1 May to 31 December 1965. Transmitted to members of the Economic and Social Council by notes of the Secretary-General (E/4141 and Add.1).

A study of that matter, which had been ignored so far, would benefit all those concerned.

24. The Government of Ceylon was well aware of the urgency of the economic problems involved and of the necessity to raise living standards, and had taken various measures, in particular, that of establishing a Ministry of Planning and Economic Affairs headed by the Prime Minister. The Ministry was concerned not only with questions of external aid, foreign exchange and monetary and fiscal stabilization, but also with the preparation of long-term development plans for each of the critical sectors of the economy. They had thus corrected a deficiency in the planning process which had hitherto impaired Ceylon's ability to mobilize external financing other than suppliers' credit for specific projects. The sector programmes which had now been prepared would lead to a comprehensive and consistent plan of a less abstract and more operational character.

25. In that connexion, the representative of Ceylon commended the work of the Committee for Development Planning, which had undertaken four major functions; (a) the consideration and evaluation of planning and projection activities within the United Nations family of agencies; (b) the consideration and evaluation of the progress made in the transfer of knowledge to the developing countries and in the training of personnel in the field of development planning; (c) the analysis of major world trends in planning and programming problems and solutions; and (d) the study of such individual planning and programming questions as might be referred to it. He urged the Committee and the Centre for Development Planning, Projections and Policies to give emphasis to the practical rather than to the abstract aspects of planning and especially to plan implementation, and to ensure that there was no duplication of work. The Ceylonese Government had asked UNDP for a team of planning experts to participate in the programme of work drawn up by the Ministry of Planning and Economic Affairs.

26. He welcomed the establishment of UNOID. Ceylon, having suffered from fluctuations in primary commodity prices, was following an active policy of industrial expansion and was anxious that the new Organization should contribute not only to the Ceylonese industrial programme, but also to the proposals put forward by the Economic Commission for Asia and the Far East, and to the study of obstacles to industrial expansion in the developing countries, particularly at the pre-investment stage. Those obstacles were not easy to identify: they were sometimes measures taken by Governments for other purposes than economic expansion, relating for example to customs duties, tax rates, and exchange and import controls. Only experts with special knowledge could usefully undertake studies on that subject and make the necessary recommendations. Such surveys could, of course, be conducted and their results published only at the request and with the approval of the Governments concerned.

27. He hoped that something practical would emerge from the present discussions in the Second Committee, and that they would be followed by action which would benefit developing countries.

28. Mr. KADRY (Iraq) stressed the gravity of the present falling-off in the flow of capital to the de-

veloping countries at the very moment when it was most needed. While it was true that new agencies and institutions such as the International Development Association, UNCTAD and the Asian Development Bank were already in operation, organizing and fulfilling the financial requirements of development, a new impetus was needed to mobilize international action to regain lost momentum. He thanked the Under-Secretary for Economic and Social Affairs for highlighting the reasons for the slackening of international aid, so vital to development, and the questions which must emerge from the Committee's examination from the various reports and studies prepared by United Nations bodies. Those questions included the extraordinary rise in interest rates, the more stringent repayment terms, the growing tendency to tie aid to the purchase of capital goods from donor countries, and the vicious circle of the debt service burden which pre-empted so large a proportion of the developing countries' foreign exchange earnings.

29. Answers must quickly be found to those questions, for time was short, and provision would have to be made for concerted and effective action. The awareness on the part of the developing countries of the urgency and magnitude of their development problems constituted important grounds for optimism. He joined with other delegations in urging the need for renewed efforts to achieve the objectives of the United Nations Development Decade.

30. As the President of the International Bank had said recently, it was ironic that at a moment when the developing countries were in a position to use ever-increasing amounts of capital effectively and productively, the flow of funds was dwindling and development was losing momentum. That was why the question of development financing was of the utmost importance.

31. In that respect, he welcomed the statements by the Minister for Foreign Affairs of France in the General Assembly (1420th plenary meeting) concerning co-operation with the developing countries, and looked forward to further concrete steps which France would undoubtedly take in the pursuit of what its Foreign Minister had called the common good of all—which went beyond special views or interests. The representative of Canada, too, had stated in the General Assembly (1413th plenary meeting) that in relation to future needs the flow of capital from industrial States to developing countries was demonstrably not enough and that the Canadian Government had set its sights on the target of 1 per cent of its national income as was recommended by the General Assembly. It was to be hoped that the target would be reached in the very near future. He looked forward to similar assurances from the representatives of industrialized States in the Second Committee at the appropriate time. While he fully understood the difficulties which the donor countries had often expressed in that regard, he felt they had a special responsibility which they must shoulder if the combined will of the United Nations, as expressed in Economic and Social Council resolution 1183 (XLI), was to bear fruit. If the flow should continue to stagnate and lead to a slackening of economic growth in Africa, Asia and Latin America, the psychological, economic and political repercussions could affect all countries.

32. The flow of development capital would have to become less dependent on the balance among the more advanced countries; any suggestion of charity would have to be removed and it would have to be considered as a vital economic function of the world community as a whole without which vast human and material resources would go to waste.

33. The debates must lead to deliberate measures in order to solve those problems. That was why his delegation particularly endorsed the role of the Economic and Social Council, whose work during the past year had been especially productive. As a co-ordinating organ, it had been most successful in preparing the ground for action by the General Assembly, placing the emphasis on planning and projections. His delegation strongly supported the terms of reference adopted by the Committee for Development Planning, as well as Economic and Social Council resolution 1148 (XLI) on that subject.

34. The Members of the United Nations, in collaboration with the Committee for Development Planning, must intensify the systematic discussion and analysis of all development possibilities and opportunities for regional and inter-regional co-operation between developed regions and developing countries. It was clear that the latter accepted the necessity of planning as an instrument of rapid economic growth. The main burden of the development effort necessarily rested with them, but appropriate international measures were equally essential if the developing countries were to achieve the objectives of their national plans and, in particular, to increase their exports and hence their capacity to earn the foreign exchange indispensable to their economic and industrial growth. The organizations of the United Nations system must consider afresh how their present programmes might be better adapted to suit the development needs of the various countries with a view to accelerating their economic and social progress; in that regard, the Committee for Development Planning could play an extremely effective role.

35. It was also essential to expand international multilateral aid and to liberalize its terms. The International Development Association (IDA) was fulfilling a vital function in that direction, but it needed massive financial support to meet the increasing demand for loans on easy terms: after the transfer of \$75 million from the earnings of the International Bank, IDA had only about \$110 million left, and its ability to underwrite new commitments would terminate well before the end of the present fiscal year. Moreover, efforts were required to make that institution truly international. Hence, it was necessary for a United Nations capital development fund to be established to finance projects for investment proper.

36. His delegation regretted that the United Nations Development Programme had mustered only 85 per cent of the \$200 million it had hoped to mobilize at the recent Pledging Conference. Over the years, Iraq had steadily increased its contribution, and its contribution for 1967 was 30 per cent above that for 1966.

37. Iraq did not belong to any regional economic commission; but it appreciated the help provided by the United Nations Economic and Social Office in Beirut in the fields of research and programming.

38. His delegation attached great importance to industrial development and trade and hoped that the General Assembly would take constructive action in that field. It was essential that UNOID should assume a leading role in the field of industrial development, much as FAO had done in agriculture.

39. His delegation associated itself with the recent statement by the Secretary-General of UNCTAD to the Trade and Development Board on the urgent need to finance buffer stocks in bumper years which could later be put on the market in lean years. That was clearly one of the most serious obstacles to a higher economic growth rate in many developing countries.

40. In conclusion, he associated himself with the words of the representative of the Netherlands in the 1424th plenary meeting to the effect that: "Peace and prosperity are inseparable. Peace-keeping is a function of effective international co-operation, which in turn can be effective only if it makes a contribution to international prosperity."

41. Mr. TADJO (Ivory Coast) noted that the results of the implementation of the recommendations of UNCTAD, which the Trade and Development Board had recently considered at its fourth session, were disappointing. The memorandum,^{9/} sent to the Board by thirty-one of its members which were developing countries, indicated that the developed countries had done nothing to implement the recommendations of the Conference. That unquestionably implied a deliberate intention on the part of the developed countries not to understand the problems of the underdeveloped countries.

42. In the case of cocoa, for example, the refusal of a minority of developed countries to accept a remunerative minimum price, despite the concessions by the producing countries, had prevented the conclusion of an agreement. That setback would cause considerable difficulty, in the second half of the United Nations Development Decade, for countries such as the Ivory Coast, which during the first half of the Decade had used the income from its two main products, coffee and cocoa, to finance development. While its cocoa exports had increased in the tonnage by 77 per cent between 1960 and 1965, its earnings from them had decreased during the same period by 673 million francs CFA, owing to the drop in the price paid to producers, from 95 to 55 francs per kilogram. The price paid to producers for coffee had likewise dropped, from 115 francs per kilogram in 1959 to 75 francs in 1965. As those two products accounted for three quarters of the value of the Ivory Coast's exports, the deterioration of its terms of trade with the developed countries was readily apparent.

43. Consequently, the Ivory Coast, like the other developing countries, hoped that the efforts to find ways of stabilizing commodity prices would soon produce positive results. It urged that international commodity agreements should be applied extensively and without delay, failing which a system of compensatory financing should be brought into operation in the near future in order to reduce the losses incurred by the developing countries. The purpose of such

^{9/} Document TD/B/108.

compensatory financing would be to compensate the developing countries for the loss in their earnings caused by competition from synthetic or substitute products. It should include the establishment of a fund for equalizing commodity prices throughout the world, which could be financed by the proceeds from one of the numerous levies which the developed countries always imposed on the products of the developing countries, such as excise taxes. The Ivory Coast also hoped that the developing countries would receive greater financial assistance to enable them to diversify their crops and, in that connexion, it wished to thank the European Economic Community which had just given it a large grant for the purpose of planting 32,000 hectares of oil palms.

44. Many African States had likewise made efforts to stabilize the domestic prices of their main agricultural products. The Ivory Coast had set up a fund for the stabilization and support of farm products, financed by the difference between world prices and the prices paid to producers, which were based on the resources of the fund, world market prices, and the expected size of the harvest. In addition, the States members of the Joint African and Malagasy Organization had recently set up a multi-national sugar price equalization fund. He hoped that that example of solidarity among under-developed countries would put to shame the selfish wealthy countries and that they would see their way to implement the UNCTAD recommendations with a view to increasing the export earnings of the countries of the Third World—a process much more important to their economic development than increased foreign aid, since research recently carried out in Africa showed that one franc of additional export earnings increased the national income by more than two francs, whereas one franc of investment increased it by only thirty-three centimes.

45. Turning to the question of industrial development, he pointed out that the theory of the international division of labour, advocated by nineteenth-century economists, had been discredited owing to the exploitation of the commodity-producing countries by the industrialized countries and the role of commodity production in the modern economic setting. Consequently, the under-developed countries had to resort to industrialization, which would enable them to diversify their economy while using their human resources at a satisfactory rate of productivity and give them a certain measure of economic independence. However, industrialization involves difficult problems such as those of obtaining capital and finding markets.

46. For their successful industrial development, the under-developed countries needed much more capital than their internal financial resources could provide. It was therefore especially regrettable that, at a time when the United Nations had launched the Development Decade and set a target for the developed countries of 1 per cent of their national income for foreign aid, the assistance furnished by the market-economy developed countries had dropped from 0.84 per cent in 1961 to 0.65 per cent in 1965 and the assistance furnished by the planned-economy countries had decreased by one-half between 1964 and 1965. Yet the additional sum of \$4,000 million which would suffice to achieve the target of 1 per cent was negligible by

comparison with the \$120,000 million spent on armaments each year.

47. On their side, the countries of the Third World were making praiseworthy efforts to attract public and private foreign capital. In 1959, the Ivory Coast had adopted a private investment code which granted substantial tax reliefs to certain priority undertakings whereby, *inter alia*, it guaranteed them against any change in respect of all or part of the fiscal charges for twenty-five years, after an installation period of five years; it had also adopted tariff walls to protect certain national industries. The measures had been successful, since 54 per cent of the foreign capital invested in the Ivory Coast from 1960 to 1965 had come from private sources. Moreover, the Ivory Coast had endeavoured to mobilize local investment resources, and during the same period, 82 per cent of its public investments had come from local resources. In addition, the countries of the Conseil de l'Entente (Niger, Upper Volta, Dahomey, Togo and Ivory Coast) had just set up a fund to guarantee foreign loans. At the same time, it was essential that the developed countries should bear in mind General Assembly resolution 2087 (XX) and adopt measures designed to encourage foreign private investment in the developing countries.

48. His delegation welcomed the establishment of UNOID and hoped that it would co-operate to good effect with the African and Malagasy Industrial Property Office, by such means as full representation of the countries members of that Office in the governing body of UNOID. The new Organization could play an important role in the field of vocational training, and he hoped that, like the International Labour Organisation, it would assist the vocational training office which his country had just set up. However, his delegation's satisfaction was dampened by its doubts regarding the financing of UNOID, if it was to depend on voluntary contributions by Member States, and particularly by the wealthiest of those States.

49. The problem of markets could be solved in part by the expansion of inter-regional and intra-regional trade among the under-developed countries, which had the advantage of offering sizable markets while enabling them to save foreign exchange. Expansion in that direction presupposed an enormous effort to achieve economic integration, the African continent being a good example, since it had already set up the West African Customs Union, the West African Monetary Union, the Central African Customs and Economic Union, the West African Economic Community, the Standing Consultative Committee of the Maghreb, the African Development Bank and other bodies which sought to promote intra-African trade. The developed countries could contribute greatly to those efforts towards economic integration by allowing a part of their assistance to be used by the beneficiary countries for the purchase of goods and services within their region or sub-region, by encouraging sub-regional trade, by the establishment of reciprocal drawing rights in the countries of the sub-region, and by helping to construct the regional infra-structure and to set up multi-national air and sea transport companies. Expansion of inter-regional and intra-regional trade alone would, however, not suffice to

solve the problem of markets, and it was essential that the developed countries should act on the UNCTAD recommendations regarding trade in manufactures and semi-manufactures from the under-developed countries.

50. With regard to the question of population growth, he pointed out that the policy adopted on that subject by the various under-developed countries could not be uniform since some, such as the Ivory Coast, were under-populated; nevertheless, his delegation fully understood the Indian delegation's desire that the question should be given full priority.

51. Inflation was, so to speak, inherent in the development effort; but a distinction should be made between inflation caused by demand and that caused by the cost of production factors. The former could be remedied by assistance from the international community to increase the import capacity of the developing countries which suffered from excessive demand in certain sectors. The latter was due primarily to the cost of capital, since the manpower factor in production was generally cheap; that prob-

lem could be solved if foreign investors would be satisfied with a reasonable return on their capital, so long as the security of the capital was guaranteed by the beneficiary country.

52. In conclusion, he observed that the objectives of the United Nations Development Decade were in serious jeopardy and that tensions and hatred arose not from the affluence of certain nations but from their selfishness or their apathy; he recalled the Pope's message to the second session of the Governing Council of UNDP in which he had pointed out that poverty was not only an intolerable evil for its victim but also for every man worthy of the name, and that the man of today ought to become more convinced that it was his own existence that was at stake, and not optional assistance and emergency aid. He hoped that that message would be heeded and that all States would at last realize that in order to ensure real and lasting peace, encouragement must be given to arming against under-development.

The meeting rose at 4.45 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1027th
MEETING

Tuesday, 11 October 1966,
at 10.35 a.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

Organization of the Committee's work (A/C.2/L.866)

1. The CHAIRMAN invited the members of the Second Committee to comment on the tentative time-table contained in document A/C.2/L.866.

2. Mr. MAKEEV (Union of Soviet Socialist Republics) suggested that the deadlines for submission of proposals should not be made too firm, so that the Committee could review the situation and make changes if the circumstances warranted.

3. The CHAIRMAN said that if he heard no objection, he would assume that the Committee approved the time-table, taking into account the comment of the Soviet representative.

It was so decided.

GENERAL STATEMENTS (*continued*)

4. Mr. LOUYA (Democratic Republic of the Congo) said that the economic situation of the developing countries had hardly changed over the last six years, and the efforts of the world community to solve the problems connected with their economic development had so far failed. Africa, for example, accounted for only 5 per cent of world trade despite the recent improvement in the quality of its exports. Furthermore, the annual rate of growth of its gross national product over the last six years had been only 3.4 per cent, and the rate of growth of per capita national income over the same period had been 1.1 per cent. One of the main reasons for such slow progress in achieving the objectives of the United Nations Development Decade was, unfortunately, the way in which some industrialized countries, in order to protect their interests or to impose their ideology, interfered in the political and economic affairs of developing countries.

5. A good illustration was the Democratic Republic of the Congo. Before its accession to independence in 1960, that country had had a high rate of economic growth and an adequate infra-structure, but the political upheavals which had followed independence, and particularly the secession of one of its richest provinces, had had a disastrous effect on the economy, greatly reducing export earnings and tax revenues. After the ending of the secession in 1963, which had

in itself placed a great strain on the budget and made heavy demands on the labour force, incalculable damage had again been caused to the economy by the rebellion which had enveloped three-quarters of the country. The agricultural areas in the eastern provinces had been cut off from the rest of the country, and farmers had been unable to market their produce in the normal way. Thus, the Congo had been forced to divert the resources it needed for its development in order to import food-stuffs for the population. It was not surprising, therefore, that the Congo had so far been unable to achieve the targets of the United Nations Development Decade.

6. However, the new Congolese Government had ended the political instability of the past, and its main concern was national reconstruction and speedy industrialization, in order to bolster political independence through economic independence. Much had been done to reorganize production and restore the infra-structure, including the establishment of a post of High Commissioner for Planning and for Economic and Social Development.

7. While the main objective of the Congolese Government was economic independence, both in foreign trade and in relations with foreign economic interests, that did not signify a policy of economic isolationism, for the Democratic Republic of the Congo intended to co-operate sincerely with its neighbours in central Africa and with all countries on the African continent and throughout the world.

8. Despite the fact that it possessed a wide range of natural resources and great potentialities in agriculture, mining and industry, the Congo remained an underdeveloped country. That was principally because of inadequate international co-operation and the international division of labour, under which the Congo, like other developing countries, was assigned the role of a supplier of raw materials. By its policy of economic independence, the Congolese Government wished to end that role. While it could not ask the countries which benefited from the present division of labour to give up their advantage, especially as under the present system they were the ones who decided economic relations, it wished to solve its economic problems in the interests of its people. As that could be achieved only through adequate international aid, the Congo was placing its hopes on action by multilateral international agencies, and in particular, those of the United Nations, for a reform of international economic co-operation. In that connexion, the Congolese delegation favoured the transformation of the Special Fund component of the United Nations Development Programme (UNDP) into a United Nations capital development fund which would finance projects for investment proper as well as pre-investment.

9. The developing countries needed investment capital to generate income and to finance further investment, but the flow of capital from the developed to the developing countries had regrettably been stagnant since the beginning of the Development Decade. While it was true that development efforts must come primarily from the less developed countries themselves, the developed countries nevertheless had a duty to help them in that task. Even when developing countries did benefit from capital transfers, the increasing burden of debt service resulted in a vicious circle of foreign debt and balance-of-payments deficits. The situation could be alleviated by a reform of the international monetary system, as advocated by the Expert Group on International Monetary Issues of the United Nations Conference on Trade and Development (UNCTAD). Another welcome development was the system of supplementary financing proposed by the International Bank for Reconstruction and Development. His delegation hoped, however, that such a system would not be residual, since the other international agencies involved did not operate on a basis of urgency.

10. The Congolese Government also welcomed the establishment of the United Nations Organization for Industrial Development (UNOID) and believed that the time had come for international action based on trust and co-operation as the only guarantee of international peace.

11. Mr. WILMOT (Ghana) said that the United Nations Development Decade had generated a growing awareness of the problems of development. The United Nations had endeavoured to make its own contribution by establishing a number of institutions geared to the special needs of the developing countries. Those institutions included the United Nations Conference on Trade and Development, the United Nations Institute for Training and Research, the United Nations Development Programme and the World Food Programme. In addition, a new United Nations Organization for Industrial Development would soon begin operations, and a Committee for Development Planning had been set up to orient and organize development activities in a more purposeful and coherent manner. Some progress had been made in the expansion of basic and infra-structural facilities in certain developing countries, and a comprehensive framework already existed for establishing realistic and consistent goals and targets.

12. Yet, while those efforts were to be welcomed, they had so far failed to engender any significant progress towards achieving the objectives of the United Nations Development Decade. As emphasized in the reports of the Secretary-General and the Economic and Social Council in regard to the Development Decade (see A/6303, chap. II) the disappointingly slow pace of economic development in the developing countries was far short of what had been expected during the Decade, and more vigorous and extensive action must be taken at both the national and international levels if the Decade was to serve its purpose.

13. The slow progress of the developing countries towards the minimum growth target of the Development Decade was due to their lack of capital and the deterioration in their terms of trade. Ironically, the

flow of capital towards the developing countries had begun to stagnate at the very time that the Development Decade had been launched. Today, at the beginning of the second half of the Decade, there appeared to be no significant improvement: the flow of capital to the developing countries both in absolute terms and as a percentage of the gross national product of the developed countries had declined. A similar tendency had been noted in the commitments of bilateral economic assistance from the centrally planned economies. The developed countries were further away from meeting the 1 per cent target than they had been at the beginning of the Decade, although during that time their economies had been expanding steadily.

14. The terms upon which capital was made available also gave grounds for concern. Given the current magnitude of their debt-servicing burden and the growing deterioration in their terms of trade, the developing countries would soon find themselves in the ridiculous situation of borrowing only to pay off past debts. His delegation therefore welcomed the liberalizing trend which was beginning to emerge with regard to interest rates and grace and amortization periods and hoped that it would continue. However, about two-thirds of the gross bilateral assistance was still "tied" or limited in other ways. In part I of the World Economic Survey, 1965,^{1/} it was suggested that the adverse effects of tying could be minimized by a greater co-ordination of aid through consortia or consultative groups. His delegation endorsed that suggestion. It noted with satisfaction that the International Bank had already helped in the establishment of such consortia and groups and hoped that greater use would be made of them during the second half of the Decade.

15. If the minimum growth target for the developing countries was to be attained, the developed countries must exert greater efforts to achieve the 1 per cent target for the transfer of their resources to the developing countries. The International Bank had estimated that in each of the next five years the developing countries could effectively use between \$3,000 million and \$4,000 million more than they were receiving. For that reason, his delegation wholeheartedly endorsed Economic and Social Council resolution 1183 (XLI) on the flow of external resources to developing countries. It also endorsed a similar resolution which had been adopted by the Trade and Development Board at its fourth session and appealed to Member States to implement the provisions of both those resolutions without delay.

16. His delegation had continuously urged the establishment of a United Nations capital development fund. Although such a body had been proposed as one of the institutional measures for the Development Decade, it still remained established only on paper. Unfortunately, the developed countries had not relented in their opposition to its establishment despite the solidarity of the developing countries in the Committee on a United Nations Capital Development Fund and despite the universal recognition that the financial resources available to the developing countries were inadequate. A United Nations capital development fund

^{1/} United Nations publication, Sales No.: 66.II.C.1.

would be an invaluable supplement to the activities of existing international financial institutions; it would be more universal in scope and it could serve as a reserve fund for the regional development banks, especially in times of emergency. His delegation therefore appealed to those who opposed its establishment to reconsider their stand.

17. At the same time, greater efforts must be made to achieve general and complete disarmament so that the resources thus released could be used to satisfy the peaceful needs of the developing countries. His delegation proposed that item 44 (Conversion to peaceful needs of the resources released by disarmament) should be dealt with in such a way as to establish an inseparable link between disarmament and the economic development of the developing countries. Negotiations on that question should henceforth be aimed at the release of resources for the accelerated development of the developing countries.

18. The developing countries themselves should also intensify their efforts to mobilize their domestic resources. Although the proportion of their gross domestic product accumulated as savings was rising, there was still room for improvement, particularly in their tax system. The most effective way of ensuring the steady development of those countries was to secure for them an adequate share of world trade. In the first two years of its existence, the United Nations Conference on Trade and Development had achieved limited success. Some of the ideas which had been promulgated at its first session had begun to bear fruit. The conclusions of the expert bodies of UNCTAD concerned with monetary issues had established beyond any doubt the legitimate interests of the developing countries in any reform of the international monetary system. The supplementary financing scheme prepared by the International Bank was being studied, and the idea of establishing general non-discriminatory preferences in favour of the developing countries was gradually gaining acceptance.

19. Progress in the implementation of UNCTAD recommendations had none the less been disappointing. The production of many primary commodities in developed countries had continued to receive extensive domestic support through subsidies and other measures as well as through direct barriers to imports. No formal international agreements had so far been concluded on any commodity not previously so covered. Owing to the un-co-operative attitude of some of the major consumers, the recent United Nations Cocoa Conference had been a failure. Thus, once again, the commodity on which Ghana depended for its economic survival was left to the vagaries of the world market. In addition, little progress had been made in tariff reform, and there had been a steady rise in freight rates.

20. The cumulative effect of the failure to implement the UNCTAD recommendations had barred any improvement in the relative share of the developing countries in world trade. His delegation hoped that, before the second session of the Conference took place, Member States would make an effort to carry out at least those recommendations which called for a standstill in tariffs. The Conference at its second session, should aim at establishing a time-table for

the progressive implementation of the recommendations of the first session and should select a few items for negotiation with a view to reaching agreement on concrete action.

21. The success of the United Nations Organization for Industrial Development would depend on the resources allocated to it. His delegation supported the draft resolution on that subject which had been adopted by the Ad Hoc Committee on UNOID and hoped that it would be unanimously adopted by the Second Committee.

22. The regional economic commissions played a vital role in the United Nations family and should be strengthened through greater decentralization of the activities of the Economic and Social Council. At the same time, inter-regional co-operation should be encouraged so as to enable the regional economic commissions to share each other's experience. The Second Committee should continue to examine ways and means of ensuring the effective discharge of the three fold functions of the Council, namely, governing, co-ordinating and legislating. His delegation welcomed the steps already taken by the Council to improve its co-ordinating procedures and, in particular, the rearrangement of its programme of work.

23. If they were really to help themselves, the developing countries must exercise permanent sovereignty over their natural resources, for their poverty was actually due to the unilateral exploitation of those resources by foreign companies. The attainment of independence had hardly changed that state of affairs, and Africa, the richest continent in natural resources, had suffered more than any other. His delegation regretted that item 45 (permanent sovereignty over natural resources) had given rise to so much rancour, since there could be no justifiable dispute about the fundamental right of any country to exercise sovereignty over its natural resources. The disagreement related solely to the role of foreign investment, but, in practice, satisfactory solutions had been found for guaranteeing the sovereignty of a country over its natural resources while at the same time ensuring fair returns to the investor. The gigantic Volta River project in Ghana bore witness to that fact. The Second Committee should therefore find appropriate words to describe what had in fact been happening in a limited number of countries and ensure that such harmonious partnerships were established in all developing countries.

24. The United Nations, in his delegation's opinion, had in the past been overcautious in its attitude to the problems created by population growth and its impact on economic development. A high rate of population growth had been, and would continue to be, a major obstacle to the economic advance of the developing countries; it had, in some instances, kept per capita income at a static level and nullified the effect of economic growth. The views of those who objected to artificial control of population growth should not prevent the United Nations from granting assistance to those countries which desired and needed it.

25. It had been estimated that, at the current rate of population growth, food production would have to be doubled within fifteen years if an acceptable

level of nutrition was to be universally attained. The recent appeal to the industrialized countries by the United States for increased food and agricultural assistance was therefore to be welcomed. Furthermore, the World Food Programme should extend food aid to cover entire development programmes, rather than individual projects, and an effort should be made to use part of its financial resources for the purchase of export commodities from the developing countries.

26. Mr. ABE (Japan) said that his delegation shared the feeling of anxiety voiced by the Secretary-General on the disappointing progress made towards achieving the objectives of the United Nations Development Decade. Nevertheless, the endeavours of the international community during the first half of the Decade had borne some fruit: the work of organizing and intensifying international co-operation in the field of economic development had been of such a magnitude as to transform the Development Decade from a mere slogan into a political reality.

27. The very dimensions of the task being undertaken by the United Nations family should dissipate any undue pessimism. The activities of UNDP and UNCTAD were expanding, and the new United Nations Organization for Industrial Development would strengthen operational activities in what was perhaps the most crucial sphere of economic development; the International Bank was widening the scope of its activities, and the International Monetary Fund had decided to expand its compensatory financing facilities; the recent World Land Reform Conference and the Indicative World Plan for Agricultural Development of the Food and Agriculture Organization of the United Nations showed that the problem of food production was receiving attention; and the work of the Committee for Development Planning would do much to improve the effectiveness of the development efforts of the United Nations.

28. Although it was true that those efforts had so far failed to produce as satisfactory an improvement in growth, aid and trade as had been expected, there had been encouraging achievements such as a rise in the rate of domestic saving in a number of developing countries, a fact which demonstrated their serious efforts to mobilize internal resources. Moreover, although the developing countries as a whole had not attained the desired growth rate of 5 per cent, the average annual growth rate of some twenty of those countries during the first half of the Decade was well above that target. A great deal might be learned from the success of the development process in those countries. The flow of financial resources from developed countries, though still far from adequate, had increased to over \$10,000 million in 1965 and, although the trade performance of the developing countries was still unsatisfactory, their exports, especially those of manufactured products, were showing an encouraging growth. It was hoped that the Kennedy round negotiations would give a new impetus to the export growth of the developing countries.

29. Such advances, however modest, provided a solid foundation for the continuing efforts of the international

community. On the joint efforts which all nations, regardless of their political beliefs and ideologies, were making to accelerate development depended the long-term welfare and peace of the entire world.

30. Although the level of its per capita income placed it among the less wealthy of the developed countries, Japan was providing the developing countries with the third largest market for their trade, and it would continue, so far as its resources permitted, to pursue policies conducive to their growth. The flow of resources from Japan to the developing countries had increased by almost \$200 million to the level of \$486 million in 1965, owing mainly to a considerable rise in the flow of official funds, and his Government intended to continue its efforts in that direction. Japan was taking an active part in a series of regional conferences on the economic and agricultural development of South-East Asia, and it had ratified the Agreement establishing the Asian Development Bank with a view to strengthening its co-operation with the developing countries.

31. His delegation firmly believed in the soundness of the basic approach of UNCTAD to the developing countries' problems, namely, that of seeking solutions not on vertical regionalism but on a global basis in order to maximize the growth potential of the world economy as a whole. The ultimate success of UNCTAD's efforts, however, depended on the achievement of a firm consensus among developed and developing countries with regard both to the contents of guidelines formulated by UNCTAD and to the urgency of the issues involved. The members of UNCTAD would have to redouble their efforts to reach such consensus on concrete and practical answers to the problems with which UNCTAD had to deal.

32. His delegation had not wish to place any undue restrictions on the operations of the new United Nations Organization for Industrial Development but believed that that body would, after its establishment, have to exercise some caution in drawing up its work programme. As industrialization was perhaps too vast a field for any institution to cover single-handed, the new organization should not dissipate its limited resources but should concentrate on building up, improving and expanding the existing services of the Centre for Industrial Development. The question of co-ordination between UNOID and other organs should be viewed from that angle.

33. The United Nations Development Programme needed greater financial resources if it was to cope with the increased demands for technical and pre-investment assistance. The need to use available resources so as to yield maximum benefit was, however, equally important. As UNDP grew in size and scope, new criteria and priorities should be evolved to enable the Programme to meet its needs and responsibilities, although that task would not, of course, necessarily involve any fundamental change in the policies and structure of the existing Programme.

The meeting rose at 12 noon.

United Nations
**GENERAL
ASSEMBLY**

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1028th
MEETING**

*Tuesday, 11 October 1966,
at 3 p.m.*

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

GENERAL STATEMENTS (continued)

1. Mr. PAPADOPOLO (Guatemala) emphasized that the widening gap between the rich and the poor nations was the main cause of the problems facing mankind and that was why his delegation took a very special interest in the work of the Second Committee, which had to find ways of ensuring a fairer distribution of the world's riches.

2. Guatemala's development depended mainly on its exports and particularly on exports of coffee which still accounted for 50 per cent of the country's foreign exchange earnings, although its share had recently declined. Although Guatemala's gross national product had increased by almost 6.3 per cent a year from 1961 to 1964 (whereas the population had expanded by only 3.2 per cent), the growth in the national income over the past ten years had been erratic and, on the average, only slightly larger than the population increase. If the industrialized countries compared those figures with theirs, they should appreciate the developing countries' insistence on improving international trade relations.

3. Proposals designed to promote the advancement of the large majority of peoples were based either on justice or on necessity—the latter being without any doubt the most powerful motivation. It was true that necessity meant different things for the developed sector and the developing sector but it was to be hoped that those points of view would eventually converge.

4. The results of the United Nations economic development programmes were not very encouraging. During the first five years of the United Nations Development Decade, the gross national product of the developing countries had increased, on the average, by barely \$10, compared with \$300 in the developed market economies. The developing countries' balance-of-payments position had weakened owing to the deterioration in the terms of trade and to measures adopted by the principal industrialized countries, which had been unfavourable to their exports. According to a report by the Secretary-General of the United Nations Conference on Trade and Development ^{1/} (UNCTAD), 83 per cent of the cotton consumed by the developed countries in 1963–1965 had come from the group of developed countries themselves, as compared with

only 73 per cent in 1957–1961; the corresponding figures for sugar were 73 and 63 per cent respectively. In addition, servicing of public debts was placing an increasingly heavy burden on the developing countries and, again, according to the Secretary-General of UNCTAD, had absorbed 12 per cent of their export earnings in 1964, compared with 4 per cent in 1955. In addition, 10 per cent of export earnings were used to pay dividends and profits on foreign private investments.

5. Despite UNCTAD's recommendations, ^{2/} the developed countries had not only in certain cases raised their customs tariffs but had sometimes also adopted measures to encourage the uneconomic production of certain primary products in their territories. Moreover, the proportion of the national income of the industrialized countries devoted to the developing countries, far from reaching the target of 1 per cent set for the United Nations Development Decade, had dropped from 0.87 to 0.66 per cent between 1961 and 1964. That rate was clearly inadequate considering that in 1949 the economic assistance granted by the United States under the Marshall Plan had represented almost 2 per cent of that country's gross national product.

6. As the Secretary-General's report stated, the developing countries, for their part, had not all overhauled their fiscal systems sufficiently to reduce inequalities in income distribution—which were often more marked than in the developed countries—and to ensure that the high income brackets made a larger contribution to the development effort. The Central American countries had carried out studies on fiscal reform with the assistance of experts from the Organization of American States, the Inter-American Development Bank and the Economic Commission for Latin America. In addition, the formation of the Central American Common Market had led to an expansion of trade between the five member countries, enabling them to save foreign currency.

7. Despite all their efforts, the developing countries had not succeeded in improving their position as compared with that of the developed countries, because the latter were not yet fully convinced of the need for them not to grant what was wrongly called "aid or assistance" but rather to participate in the common weal. Admittedly it was not easy to change the traditional structure of international trade, and the decisions of the United Nations could not really be effective so long as the internal structures of the developed countries were not adapted to the over-all objective

^{1/} Document TD/B/82 and Add.1–4.

^{2/} See *Proceedings of the United Nations Conference on Trade and Development*, vol. I: *Final Act and Report* (United Nations publication, Sales No.: 64.II.B.11).

of an international social and economic policy aimed at raising the level of living of the poor countries. His delegation hoped, however, that the work of the United Nations would bear fruit in the long run and that all members of the Committee would join forces to analyse and correct the shortcomings of the existing machinery or find new solutions to meet the urgent needs of the developing peoples.

8. Mr. HUSSEIN (United Arab Republic) saw no grounds for optimism in the world picture, as presented in the reports of the Secretary-General. The developing countries had considered the United Nations Development Decade not as a magic solution to their problems or even as a programme of work, but merely as an expression of their ills and needs and an incentive to all countries to move towards some modest aims. They had hoped that the Decade would be a time of sincere international co-operation, based on the realization that their economic growth would also be beneficial to the other members of the international community. Yet, on the eve of the seventh year of the Decade, some of those members were still not resolved to act. The action so far taken within the context of the Decade was unlikely to succeed in narrowing the gap between the advanced nations and those which were still developing and which would be fortunate enough if the status quo were maintained. It was the way in which the United Nations dealt with the more acute problems that would determine whether the developing countries saw some ray of hope for the future.

9. The most important problem—development financing—was aggravated by the fact that, in the existing economic situation, the domestic savings of the developing countries, which admittedly bore primary responsibility for their own economic fate, were insufficient and had to be supplemented by foreign savings. In 1964-1965, for example, there had been a net outflow of \$7,854 million in public or private capital from the market economy countries to the developing countries, the centrally planned economies had extended credits amounting to \$1,200 million and the multilateral aid agencies, including the United Nations, had added a net flow of \$820 million. The capital outflow from the developed countries represented only 0.65 per cent of their gross national income, compared with 0.84 per cent in 1962—figures which were below the minimum target of 1 per cent set for the Development Decade and in recommendation A.IV.2 of UNCTAD. The developing countries were even more concerned about the fact that some developed countries considered that minimum target to be a maximum.

10. The International Bank for Reconstruction and Development and the International Development Association had pointed out in its annual report^{3/} that, whereas the developing countries could effectively absorb \$3,000 million to \$4,000 million annually in foreign capital, the gap between their needs and the available capital was constantly widening, a situation further worsened by the reverse flow of capital which reached

an average of 50 per cent of the over-all flow of capital to the developing countries. In a number of countries, the reverse flows consumed up to 90 per cent of all financial transfers, including private investment. The Second Committee should therefore give particular attention to the fact that the burden of debt-servicing and the other forms of reverse flows were such as to offset a sizable proportion of economic aid. That was why there was urgent need to increase substantially the flow of capital and to improve the terms of aid.

11. Since the fifteenth session of the General Assembly, the developing countries had pressed for the establishment of a capital development fund which would provide an answer to some of the problems of development financing. The early establishment of the fund was imperative. The climate of opinion had changed, and the growing needs of the developing countries were now generally recognized; the developed countries which had previously deemed the establishment of the fund to be superfluous should therefore reappraise their positions with a view to adopting a more positive attitude.

12. Another problem which was likely to jeopardize the action undertaken by the developing countries to increase their national income was population growth. It was no longer possible to evade the problem, which weighed heavily on the development and trade prospects of very populous countries; the United Arab Republic was feeling its effects, and the rate of growth of its population, which was about 2.8 per cent a year, had to a certain extent prevented it from attaining the objectives of its first five-year plan. The Committee must accordingly give special attention to that problem, and the United Nations should be given the necessary resources to enable it to assist all the countries which so requested. He concurred, in that regard, in the statement by the Canadian representative (1024th meeting) on the World Food Programme: food aid was not only humanitarian relief, but also contributed to development by enabling the recipient countries to devote their precious foreign exchange to development. He hoped that the resources of the Programme and the effectiveness of its assistance would increase in the years to come.

13. It augured well for the Committee that priority had been given to industrial development activities, and in particular to the report of the Ad Hoc Committee on the United Nations Organization for Industrial Development. Industrialization, by mobilizing a growing proportion of national resources and making possible a very high rate of growth for the economy as a whole, had become a focal point in the development planning of the developing countries. The latter faced a multitude of problems in that field, which often taxed their individual capacities; it was, therefore, with optimism that his delegation viewed the establishment of UNOID, which would bear the heavy burden of helping the developing countries to industrialize. But if it were to be able to play that role, those of its members who had more experience of industrialization would have a special responsibility to bear in that respect. The new organization should concentrate, co-ordinate and expedite the industrial development efforts of the United Nations system, and the similar activities already undertaken by many members of the United

^{3/} Annual Report, 1964-1965 (Washington, D.C.), and supplementary information for the period from 1 July 1965 to 31 December 1965. Transmitted to members of the Economic and Social Council by notes of the Secretary-General (E/4129 and E/4129/Add.1-E/4130/Add.1).

Nations family should be taken over by it. His delegation was gratified at the conciliatory attitude of all the parties during the preliminary negotiations; it hoped that the same spirit would prevail during the Committee's debates on the subject and would pave the way to an unanimous decision. In order to perform its functions properly, UNOID should be allowed to act as an autonomous body bearing the primary responsibility in the whole field of industrial development.

14. Since 1964 the developing countries had endeavoured to implement the various recommendations adopted by the United Nations Conference on Trade and Development. Some progress had been recorded, but the advance had been neither co-ordinated nor collective. It was his delegation's hope that the second session of the Conference would lead to specific solutions and practical results based on concerted action. Specific and major problems should be tackled, such as the trade gap and the financial requirements of the developing countries. In that respect, his delegation considered that the problem of shipping constituted a major obstacle to the trade of the developing countries, and hoped that it would receive attention commensurate with its importance.

15. Mr. BELOVSKI (Yugoslavia) said that the persistent imbalances in the world economy were a source of disquieting developments in many parts of the globe. Efforts to secure international peace and security and to promote democratic relationships among nations would have no sound basis until the problems of development were solved. Those problems had been identified and only the lack of political readiness to act on the part of certain Governments sufficed to explain the absence of the more vigorous and effective measures required.

16. The General Assembly had decided at its twentieth session to establish UNOID and to consolidate the Expanded Programme of Technical Assistance and the Special Fund. The ground had thus been laid for the United Nations to engage in investment financing. His delegation hoped that the preparatory work for the establishment of UNOID would be completed at the present session and that steps would also be taken to establish the capital development fund. But the establishment of new bodies did not in itself guarantee the application of the desired policies. Notwithstanding the importance of the decisions adopted, there was no substitute for the firm determination to act. In assessing the progress of co-operation for development it was important not to overlook, as sometimes happened, the fundamental difficulties encountered. There was also sometimes a tendency to exaggerate the importance of certain isolated measures. The basic trends in the world economy must be evaluated objectively and realistically, and common elements sought from which reliable guidance could be obtained for future action.

17. During the past five years, the exports of the developing countries had grown substantially. On the other hand, the growth had not been accompanied either by increased imports or by higher growth rates. The rate of increase of imports had even declined in the first half of the present decade in contrast to the preceding decade. The import surplus which had characterized the trade of the developing countries throughout the post-war period had thus practically

disappeared, and their rate of economic growth scarcely reached 4 per cent. It would therefore be vain to hope that the spontaneous trends of the world economy would produce an acceleration of economic growth in the developing countries or provide a solution to the grave difficulties besetting those countries. A lasting headway could only be achieved through co-ordinated measures advocated by the United Nations.

18. One of the main reasons for the deteriorating economic situation of the developing countries was undoubtedly the stagnation in the volume of financial resources available to them. The volume had even shrunk by comparison with the national income of the developed countries. One of the most disturbing results of such trends was the growing debt-service burden which, coupled with the outflows of capital, had to a great extent neutralized the effects of international development financing. Economic and Social Council Resolution 1183 (XLI) on the problems of financing should contribute to a fuller recognition of the nature and magnitude of the problems encountered and initiate a more vigorous search for practical solutions.

19. The crisis in international financing lent more credence to the arguments for the establishment of a capital development fund, for which the developing countries had been calling for over sixteen years. According to the International Bank for Reconstruction and Development, those countries would be capable of using an additional \$3,000 million to \$4,000 million a year in the second half of the United Nations Development Decade. In that case, it was high time to implement General Assembly resolution 1521 (XV), to adopt the statute of the capital development fund and to initiate its operations.

20. He also hoped that the Second Committee would adopt the draft resolution submitted by the Ad Hoc Committee on UNOID. The complex task of industrialization could be successfully handled only by a strong, sufficiently autonomous and financially sound organization; hence, his delegation believed that UNOID's expenses for operational activities should be met from the voluntary contributions pledged at the Conference to be convened for that purpose by the Secretary-General. Finally, arrangements should be made to ensure that UNOID would play a central role in co-ordinating all the industrial development activities of the United Nations family. That point should be given particular emphasis at a time when the Committee was discussing the co-ordination of the activities of the United Nations in the economic and social fields and the review and reappraisal of the role and functions of the Economic and Social Council (agenda items 52 and 51). The establishment of UNCTAD and UNOID and the enlargement of the Council's membership had created much more favourable conditions for a detailed and comprehensive study of those two matters. The major role which the Council had to play in attaining the objectives of the Development Decade would call for co-ordinated and concerted engagement of all United Nations bodies dealing with economic and social affairs. But the Development Decade could only produce tangible results if it was based on a definite policy aimed at accelerating the economic development of the developing countries. The basic principles of such a policy had been laid down in the Final Act of

UNCTAD and the developing countries accordingly attached the very highest importance to the implementation of the recommendations of the Conference.

21. The progress made in that direction had been discussed at length at the Trade and Development Board's fourth session. Even though Member States had been unanimous in believing that the efforts hitherto made were not adequate to meet the needs, the failure to take joint action to implement the recommendations showed that greater political readiness was required to devise common solutions.

22. There were grounds for encouragement, however, in the fact that all members of the Trade and Development Board had agreed that the second session of the Conference should be devoted to action and achievements; and the provisional agenda, date and place of the Conference had all been chosen with that end in view. His delegation hoped that the preparations for the second session of the Conference would bring about new and determined efforts, in particular, on the part of the developed countries, to permit the Conference to make real advancement in the implementation of its recommendations. The developing countries, for their part, had taken appropriate steps to ensure the success of the Conference. The meeting of Ministers from those countries—to strengthen their unity and work out agreed policies on all the main issues to be discussed at the Conference—would be an important contribution to the work of the Conference. His delegation hoped that the General Assembly would provide adequate political support to the efforts made by UNCTAD and that it would accelerate the preparations for the second Conference.

23. Mr. BELEOKEN (Cameroon) said that, while it was clearly impossible to solve all the problems of under-development at once, a limited number of specific and realistic objectives could be achieved in a single year, provided that the members of the international community—particularly its most prosperous members—displayed the necessary determination.

24. Unfortunately, in the absence of such determination, very little progress had been made in the past year. The gap between the poor and the rich countries was growing larger still, and the trade deficit of the developing countries was increasing, since exports of their manufactures and semi-manufactures were being adversely affected by direct or indirect protectionist measures applied by the developed countries and their primary commodities were being marketed under *de facto* monopolistic arrangements which did not give the producing countries any say in the setting of prices.

25. In that respect, the developed countries had dashed the hopes of the developing countries, as no agreement had been concluded on sugar or cocoa. His delegation was particularly disappointed by the failure to reach agreement on cocoa and feared, as the President of the Federal Republic of Cameroon had stated, that in the 1966-1967 crop year the cocoa market would once more be transformed into a kind of economic jungle where prices were fixed without any reference to the labour contributed by the planters. But a vast majority in the General Assembly was in

favour of an international cocoa agreement; the developing countries had displayed a spirit of solidarity for which they deserved due credit and several developing countries were supporting them in the name of justice and fairness. As the interests of a minority should not be allowed to prevent a large number of peoples from receiving fair remuneration for their toil, his delegation wished once again to address an urgent appeal to countries which had a decisive role to play in that connexion.

26. It was also deeply concerned by the crisis in the provision of international assistance, which had occurred just at the time when the developing countries most urgently needed assistance to put their plans into effect. It also deplored the fact that the loans which developing countries could obtain from certain international financial institutions and some of the developed countries were available only on difficult terms, and it earnestly hoped for some liberalization in rates of interest and repayment periods.

27. As a largely agricultural country, Cameroon was seriously affected by excessive fluctuations in agricultural prices; it was keenly interested in industrialization and welcomed the establishment of UNOID which should start operations as soon as possible—without any unnecessary impediments—to accelerate the economic and social development of the developing countries.

28. His Government had tried to create in Cameroon all the conditions required for that development. It had adopted an investment code which provided all the guarantees which potential investors might wish to have. As a member of the Central African Customs and Economic Union, it had a market large enough for local industry and, as a result of its policy of non-alignment, it was maintaining trade and economic relations with the Western bloc and the socialist countries of Eastern Europe alike. Finally, with its political stability, it was giving proof of its willingness to co-operate with all nations of the world, provided that the latter respected its sovereignty.

29. All those efforts to promote development had been made in accordance with the recommendations of UNCTAD. Unfortunately, the first report by the Secretary-General of UNCTAD (TO/B/82 and Add.1-4) indicated that the rich countries were showing some reluctance to implement the recommendations. He hoped that the recommendations which would be made by the next session of the Conference, which should strive to be realistic, would have more success.

30. As the Under-Secretary for Economic and Social Affairs had quite rightly pointed out in his statement (1023rd meeting), what had been lacking hitherto in the fulfilment of the objectives of the United Nations was the will to act. Finally, he expressed the hope that the more fortunate countries would soon come to realize the urgency of the problem of hunger in the developing countries, and of the problem of peace which was closely related to it.

The meeting rose at 4.20 p.m.

United Nations
**GENERAL
ASSEMBLY**

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1029th
MEETING**

Wednesday, 12 October 1966,
at 10.35 a.m.

NEW YORK

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Chairman: Mr. Moḡaiwid M. TELL (Jordan).

GENERAL STATEMENTS (continued)

1. Mr. ALAÇAM (Turkey) said that the world economic situation was generally discouraging. As part I of the *World Economic Survey, 1965*^{1/} had pointed out, the growth rate of the world economy had declined, mainly because of the relative weakness of agricultural production in the developing and centrally planned economies and the policy of retrenchment followed by certain market-economy countries. As a result, the developing countries had experienced a drop in their export earnings, a cut in their imports, a lack of stability in their terms of trade and a heavy burden of debt-servicing. Between 1961 and 1966, the aims of the United Nations Development Decade were far from being achieved.

2. Nevertheless, it was comforting to note that the Decade had brought out the meaning of collective responsibility for solving the problems of the developing countries. It had also shown that external aid was not enough in itself: the developing countries must establish new economic structures, reorganize their production sectors and adapt their factors of production to the development process.

3. Also welcome was the growing awareness of the need for long-term planning. Most of the representatives of the developing countries at the forty-first session of the Economic and Social Council had attached great importance to the work of the Committee for Development Planning in both planning and projections, while pointing out that the results obtained were far from satisfying their hopes. Planning was essential for accelerated economic development, and the United Nations must play an important role in working out directives, improving techniques and disseminating results. Hence, his delegation supported Economic and Social Council resolution 1148 (XLI) and would support any draft resolution calling on the Committee for Development Planning to establish the common aims and principles which must be borne in mind in the preparation of development plans.

4. Among such aims, high priority must be given to the control of demographic growth. Rapid population growth inhibited development and brought a host of social ills in its train. In 1965, Turkey had promul-

gated an Act which provided for optional birth control and family planning. While Governments should decide on their own population policies, they should be helped by the United Nations in the preparation and execution of those policies. His delegation hoped that a resolution on those lines would be adopted by the Second Committee.

5. Convinced that industrialization was the keystone of development, Turkey welcomed the coming establishment of the United Nations Organization for Industrial Development (UNOID). The co-operation of the international community in the efforts of the developing countries to industrialize was essential. The United Nations, with the effective participation of the developed countries and through the new Organization must direct and co-ordinate those efforts. A draft resolution on UNOID must be submitted by the Second Committee to the General Assembly by a unanimous vote.

6. Agricultural development must coincide with industrial development. In Turkey, nearly 75 per cent of the population were engaged in the farm sector and agricultural production represented about 40 per cent of the gross national product. The development of agriculture was therefore one of the priority aims of the first Turkish five-year plan. Turkey's main objective was to establish a balance between industry and agriculture and between the various branches of industry.

7. From 1961 onwards, the flow of capital to the developing countries had tapered off and the burden of debt-servicing on their economies had grown heavier. The problems of financing the economic development of the developing countries were far from being solved and the 1 per cent target for the transfer of resources from developed to developing countries had not been achieved. To remedy the situation, gross flows of capital to the developing countries must be rapidly increased and the conditions governing them must be made easier. Ways must be found of consolidating and rescheduling the debts of countries undergoing a crisis in the matter of liquidity. In that connexion, he welcomed the adoption of Economic and Social Council resolution 1183 (XLI) and supported the establishment of a capital development fund on the understanding that it should have its own resources and not prejudice existing financial activities and future pre-investment needs.

8. One of the most important functions of the Trade and Development Board of UNCTAD was to increase the export earnings of the developing countries. The United Nations Conference on Trade and Development (UNCTAD) marked a new departure in United Nations policy and had given the developing countries new

^{1/} United Nations publication, Sales No.: 66.II.C.1.

hope. The most crucial problem was to see that the recommendations of the first session of the Conference were fully applied. At its second session, the Conference must define the ways and means of securing that objective, adopt a selective attitude and concentrate on points of basic interest.

9. He welcomed the establishment of the United Nations Development Programme (UNDP) and particularly the decisions taken by its Governing Council. However, its financial position was disquieting. Although recent pledges would result in an estimated increase in income of 9 per cent, the target figure of \$200 million was far from being achieved. Nevertheless, his delegation continued to be optimistic and hoped that the developed countries would do everything in their power to reach that figure.

10. The World Food Programme was another important feature of international co-operation. Turkey had supported its continuation under General Assembly resolution 2095 (XX) and agreed with its Executive Director that it could make a direct contribution to the growth of agricultural production. But that Programme, too, suffered from a lack of resources: of the target figure of \$275 million for 1966-1968, only \$175 million seemed likely to be available.

11. He fully agreed with the representative of Algeria (1023rd meeting) and with the representative of Iran (1025th meeting) about the importance of the campaign against illiteracy. Conscious of the link between under-development and illiteracy, the Turkish Government in its five-year development programme had allocated \$175 million for primary education alone. His delegation would be glad to support any initiative aimed at eliminating illiteracy as soon as possible.

12. Finally, his delegation had supported Economic and Social Council resolutions 1108 (XL) and 1130 (XLI) and would be ready to co-operate with other delegations in drawing up a draft resolution endorsing the Council's recommendation that 1967 should be designated as "International Tourist Year".

13. Mr. HAMBRO (Norway) said that the Norwegian Government and people fully shared the deep concern over what the Secretary-General had described as the "current crisis in international aid". Among the dangerous trends which had emerged were an actual decrease in the volume of resources transferred from the developed to the developing countries as a percentage of the former's gross national product, and the failure to achieve the modest annual growth rate of 5 per cent in the latter countries. Those serious facts and their implications were not sufficiently known, and his Government therefore supported plans to expand United Nations information activities in that connexion.

14. Nevertheless, some positive developments had taken place. It was encouraging that the developing countries' exports had risen both in volume and value and that their domestic savings were increasing, and the fact that no less than seventeen developing countries had surpassed the target of the United Nations Development Decade was also impressive. The time could be foreseen when certain countries receiving development assistance would achieve self-sustaining growth, thereby releasing precious resources for

assistance in areas where they were most urgently needed.

15. But that encouraging development should not give rise to complacency; rather it should inspire still greater efforts to provide the developing countries with the possibility of achieving more rapid growth by their own endeavours, supplemented by external assistance. The experience of the past twenty years, which had focused unprecedented attention in all countries on matters of development, should make a more efficient approach to those problems possible. Norway, which had formerly had little contact with countries of the southern hemisphere, was determined to make its contribution towards preventing the frightening prospect of an increasing division between North and South. In order to achieve maximum efficiency and quality, his Government was undertaking a thorough review of Norway's record in providing public development assistance, and was also drawing upon the experience gained by private organizations working in developing countries. A similar effort should perhaps be made to improve all multilateral and bilateral assistance, since, as was indicated in the first report of the Committee on Development Planning,^{2/} there was rather too much emphasis at present on theoretical development plans and too little on their implementation.

16. There was general agreement that development aid, in its present form, could not solve all development problems. Of the many prerequisites for a satisfactory rate of growth in the standard of living of the developing countries, he would deal with only two: population growth in relation to food production and trade problems.

17. Even if substantial resources were transferred to the developing countries, it was difficult to see how a reasonable rise in their level of living could be achieved without serious consideration being given to current population trends, and the Norwegian delegation therefore supported United Nations demographic studies and research. It believed that the results of that research should be disseminated as widely as possible and that all Governments wishing to launch action programmes should be able to obtain assistance, if requested, from the United Nations and the specialized agencies. It should be stressed, however, that efforts to curb population growth could be effective only for the next generation, and did not obviate the need for a rapid expansion of food production. The population problem should also be regarded from a humanitarian as well as an economic point of view, and it must not be forgotten that the aim of all development was the welfare of mankind.

18. The activities of the United Nations Conference of Trade and Development had focused attention on the trade position of the developing countries, and even though specific achievements had been few, the beginning of an understanding between the developed and developing countries now existed. That was by no means a negligible achievement in view of UNCTAD's relatively brief existence. Some steps in the right direction had also been taken by United

^{2/} Official Records of the Economic and Social Council, Forty-first Session, Supplement No. 14.

Nations agencies, other international organizations, and individual Governments.

19. He recalled some measures and policies adopted by his Government which illustrated the efforts being made by small nations in that connexion. Firstly, the Norwegian Government had proposed to Parliament the elimination, as from 1 January 1967, of all customs duties on primary products of interest to developing countries. In the Kennedy round, Norway had declared itself willing to grant larger than average tariff reductions on products from developing countries without reciprocity. Secondly, Norway, together with other signatories to the International Coffee Agreement, had recently declared its willingness to regulate coffee imports from countries not parties to the Agreement. It was also willing to make further constructive efforts towards reaching a cocoa agreement, to which it attached great importance as a model for future commodity agreements, and hoped that concessions would be made to remove outstanding difficulties. Norway was willing to participate in arrangements to ensure stable and remunerative prices for primary products, provided those arrangements did not result in over-production. Thirdly, his Government, like many others, provided a special export credit guarantee for credits to, and investments in, developing countries. It was also a signatory to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States of the International Bank for Reconstruction and Development (IBRD) which it hoped, would be an efficient instrument for accelerating the flow of private financial resources to developing countries on sound economic terms.

20. A significant expansion of United Nations machinery in the economic field had taken place in recent years. Norway welcomed the establishment of the United Nations Organization for Industrial Development which would give industrialization the emphasis it merited. A further measure, which was economically sound and likely to strengthen the prestige of the whole United Nations, would be to give the United Nations Development Programme the means with which to play a larger role in development assistance. The experience gained and confidence enjoyed by UNDP should lead to a better balance between multilateral and bilateral aid. It was discouraging to note, however, that the proportion of official contributions to multilateral agencies in the total net outflow of long-term financial transfers to developing countries had fallen from 10 per cent in 1961 to 5 per cent in 1964. The United Nations must now consolidate the existing machinery and make UNOID an efficient body rather than establish further agencies.

21. The Economic and Social Council, which had already been revitalized, should grow in stature as the principal United Nations organ for dealing efficiently with the division between North and South. The fact that it had already turned its attention to planning for the period which would follow the present Development Decade was a good omen.

Mr. Boiko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

22. Mr. FIEDLER (Austria) said that the reduction in the flow of foreign capital to the developing coun-

tries, to which the Under-Secretary for Economic and Social Affairs had devoted a considerable part of his statement (1023rd meeting), had become one of the principal subjects of international discussion. Without going into its possible causes, he wished to indicate some of the measures taken by his country which departed from the general trend.

23. Austria had repeatedly expressed its willingness to contribute, as far as it was able, to development finance, and had pledged an increase, subject to parliamentary approval, of nearly 50 per cent in its contribution to UNDP. Austria had ratified the establishment of, and made a substantial contribution to, the Asian Development Bank, and had pledged nearly \$1.4 million to the current period of the World Food Programme—almost three times its previous contributions. The flow of financial resources from Austria to developing countries and international financial institutions had risen from \$22 million in 1964, to \$48 million in 1965, and it had increased its quota in the International Monetary Fund from \$75 million to \$175 million. Those facts testified to Austria's full co-operation towards achieving the targets of the United Nations Development Decade.

24. Unfortunately, however, the results of the Decade still lagged behind its modest objectives, and further efforts were required of the industrialized and developing countries alike. Nevertheless, the Decade had witnessed the establishment of new and effective machinery—in particular UNCTAD, UNDP, and UNOID. As regards trade and development, vague ideas had given way, in the space of two or three years, to the formulation and implementation of practical measures. The United Nations Conference on Trade and Development provided a firm institutional framework, and a similar framework was now being prepared for industrialization.

25. Austria had also taken action to facilitate the exports of developing countries and could be expected to do more in the near future. It was its sincere hope that a cocoa agreement, which was satisfactory to both producers and consumers, would be concluded before the second session of UNCTAD. Such an agreement was a political as well as an economic necessity. The second session of the Conference would have to concentrate on a limited number of important issues if it was to achieve practical results. Austria pledged its full co-operation in the work of the Conference, which would set the pace for the Committee's future work.

26. Another important new institution was the United Nations Organization for Industrial Development. Austria had supported General Assembly resolution 2089 (XX) establishing UNOID and would vote for the relevant draft resolution prepared by the *Ad Hoc* Committee on UNOID (See A/6229, para.11). It would make every effort to ensure the success of the new Organization, to which it was prepared to make a substantial voluntary contribution. He recalled the statement, made by the Minister for Foreign Affairs of Austria to the General Assembly (1430th plenary meeting), that his Government had decided to offer Vienna as a possible site for the United Nations Organization for Industrial Development, provided that a majority of Member States wished to establish

the permanent secretariat of that Organization outside United Nations Headquarters. The Austrian delegation appreciated the offers already made by India, Kenya and Peru, and hoped that the Committee would consider the alternatives on their merits.

27. His delegation would comment on the other items at a later stage.

28. Mr. UKEGBU (Nigeria) said that the current decade was marked by an increased awareness among both developed and developing countries of the need for a body of ideas with which to stimulate international economic co-operation and tackle its problems. The new thinking had found expression in General Assembly resolution 1710 (XVI) on the United Nations Development Decade, in UNCTAD recommendation A.IV.2 on "Growth and Aid",^{3/} and, more recently, in General Assembly resolution 2089 (XX) establishing UNOID.

29. The world-wide concern about the necessity of raising the standard of living of developing countries and the willingness to help them in attaining a minimum annual growth rate of 5 per cent by 1970 had not, however, been translated into positive policies and actions, and the gap between developed and developing nations had, in fact, widened further. If the situation was not to deteriorate further, the United Nations would have to direct its attention to areas where urgent action was imperative and where relatively quick results could be scored.

30. The factor chiefly responsible was the deceleration in the flow of assistance from the developed countries. His delegation realized that some major suppliers of aid were facing balance-of-payments difficulties but hoped that some means could be found of coping with what the Secretary-General had described as the "current crisis in international aid". It was that situation which had led the Economic and Social Council, in its resolution 1183 (XLI), to urge the developed countries to reach and, if possible, to surpass by the end of the Development Decade the target of 1 per cent of their national income for the flow of external resources to the developing countries.

31. It was a matter for regret that the developing countries were also frustrated with regard to the implementation of UNCTAD's recommendations. The failure of the United Nations Cocoa Conference to reach an agreement, and the volume of the developing countries' exports which still remained subject to trade restrictions, were clear indications of a lack of political will to put the recommendations into practice.

32. Nevertheless, UNCTAD had a number of achievements to its credit: the United Nations Convention on Transit Trade of Land-Locked States, the Third International Tin Agreement and a number of trade agreements. It was his delegation's hope that more developed countries would emulate the example of Australia in removing duties on a wide range of handicrafts from developing countries and that the

major cocoa-consuming countries would resume negotiations at an early date on the basis of the limited consensus reached at the United Nations Cocoa Conference. There was a danger, however, that the effectiveness of UNCTAD might be diminished if too many ambitious plans were undertaken at once, because of the inability of those concerned to act on a great many schemes simultaneously. The Conference should thus limit itself to areas in which genuine progress could be made, such as financial arrangements and matters of basic interest to developing countries.

33. The importance of industrial development in accelerating the economic and social advance of developing countries had been recognized by the General Assembly when it had decided to establish UNOID. Those countries could hardly be expected to increase trade in manufactures and semi-manufacturing among themselves if they had virtually no industries and those which they had were unable to compete with those of the developed countries. If UNCTAD and UNOID were to be successful in establishing export-oriented industries in the developing countries, assistance for industrial development would have to include schemes for improving the quality of products and ensuring access to markets on a competitive basis.

34. There was some truth in the argument that some developing countries had not yet embarked on the measures of broad economic and social reform which were a prerequisite for rapid economic development. Nevertheless, the developing world, as a whole, was achieving an impressive measure of self-help: domestic savings, for instance, were expanding by almost 6 per cent a year and had constituted almost 14 per cent of their gross domestic product in 1964. Many of them had made solid progress in extending their power and transport facilities, improving their educational and scientific infra-structure and undertaking social reforms. Those countries could not, however, be expected to achieve rapid economic growth and at the same time carry their heavy debt-servicing burdens without external technical and financial help.

35. Much of that help was made available through the United Nations Development Programme. The Programme was continually seeking new means of improving assistance to developing countries and it was his delegation's hope that the generous support of Member States would continue to enable UNDP to mobilize resources for the betterment of mankind.

36. His delegation was gratified by the excellent plans suggested by the Executive Director of the United Nations Institute for Training and Research; it was to be hoped that there would be a generous response to the Secretary-General's appeal for more funds for the Institute.

37. The Nigerian Government's position on the subject of permanent sovereignty over natural resources was that their exploitation was a joint venture in which the interests of both investors and recipient countries had to be safeguarded. It believed that the exercise of a nation's sovereignty over its natural resources should not be open to question, in principle, provided that such exercise was not contrary to the accepted principles of equity and international conduct, and that

^{3/} See *Proceedings of the United Nations Conference on Trade and Development*, vol. I: *Final Act and Report* (United Nations publication, Sales No.: 64.II.B.11).

that sovereignty implied the right to modify or revoke existing agreements on the exploitation of resources. For that reason, it also recognized the principle of adequate compensation in the event of nationalization and expropriation.

38. Nigeria's economy was of the mixed enterprise type: private foreign investors contributed to economic and social development side by side with national public corporations and other agencies. Nigeria had consistently offered incentives to foreign investment and was a party to the IBRD Convention on the Settlement of Investment Disputes between States and Nationals of Other States. External assistance would continue to be welcomed for the implementation of the 1962-1968 national development plan and its successor. The content and effectiveness of the next Plan would

be improved in the light of the experience acquired with the current Plan, and efforts to mobilize domestic resources for development would be continued.

39. The uncertainty of the international commodity market seriously hampered the developing countries' ability to earn foreign exchange for their development; they would therefore welcome a genuine effort by the developed countries to co-operate in the negotiation of international stabilization agreements on such primary commodities as cocoa.

40. In conclusion, his delegation expressed its appreciation for the generous assistance it had received from many Member States during the previous year.

The meeting rose at 12.15 p.m.

United Nations
GENERAL
ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1030th
MEETING

Wednesday, 12 October 1966,
at 3 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

GENERAL STATEMENTS (continued)

1. Mr. KHAN (Pakistan) said that the results achieved through international co-operation in accelerating the economic development of the developing countries were acutely disappointing. The Economic and Social Council, in its resolution 1089 (XXXIX), and the General Assembly in its resolution 2084 (XX), had drawn attention to the gap between objectives and achievements at the mid-point of the United Nations Development Decade. Meanwhile, the flow of international assistance had, somewhat paradoxically, lost its momentum.

2. According to part I of the World Economic Survey, 1965,^{1/} if allowance were made for reverse flows of capital and for the fact that a large proportion of receipts consisted of transfers in kind or of re-invested profits earned in the developing countries themselves, it was evident that the amount of new, external, disposable purchasing power being made available to the developing countries had declined to a very low level. In consequence, the rate of gross capital formation in the developing countries had fallen short of the objectives set for the Development Decade. Apart from a few notable exceptions, development aid was still far below the target figure of 1 per cent of the national income of the industrial countries, although the combined gross national product of those capital-exporting countries with market economies had increased from \$985,000 million in 1961 to \$1,300,000 million in 1965. On the contrary, the ratio of resource transfers to the developing countries to gross output in the capital-exporting countries had actually declined from 0.84 per cent in 1961 to 0.65 per cent in 1964.

3. At the Economic and Social Council's forty-first session, the Administrator of the United Nations Development Programme had pointed out that the net flow of capital to the developing countries in 1965 had amounted to barely \$6,000 million, while \$14,000 million would be needed by 1970. If that trend were to be reversed, there would have to be a marked change of outlook on the part of the donor countries; and that in turn required a free and frank exchange of views and a co-operative effort by both groups of countries. It should be realized that development finance was not something which could be turned on

and off at will. Continuity and confidence were required, if development planning was to be effective.

4. The current crisis was reflected not only in the volume of aid but also in the terms on which aid was provided. The amount of money needed to service foreign debts had risen from \$800 million in 1956 to \$3,500 million in 1964; and the developing countries were at present obliged to devote more than 10 per cent of their foreign exchange earnings to debt servicing. Immediate steps which could be taken to remedy that situation included the establishment of a United Nations capital development fund and a review of policies which adversely affected the foreign exchange earning potential of the developing countries.

5. In the matter of trade, the implementation of the recommendations of the United Nations Conference on Trade and Development (UNCTAD),^{2/} even of those which had been adopted unanimously, remained as remote as ever. At the same time, while the combined exports and imports of the developed market economies had increased by 9 and 10 per cent in 1964-1965, the export earnings of the developing countries had risen by only 6 per cent and their imports by about 5 per cent during the same period. Furthermore, the terms of trade of the developing countries had remained more or less constant at the level reached in 1963, i.e., below the 1960 average. The second session of UNCTAD should make a realistic assessment of the possibilities of fruitful international co-operation in the future; and, in that context, it should be stressed that the implementation of the recommendations of the first session of the Conference was a prerequisite for the success of the second session. Due credit should be given to the initiatives taken by the socialist countries in expanding trade with the developing countries on a mutually beneficial basis. He also noted with satisfaction that the International Bank for Reconstruction and Development had undertaken a study on supplementary financing and that the International Monetary Fund had decided to extend the scope of its compensatory financing scheme.

6. The renewal of interest in the problem of world liquidity, which was of serious concern to the developing countries, was also gratifying.

7. On the other hand, the failure to conclude international agreements on cocoa and sugar, which would relieve the developing countries from the constant uncertainties of price fluctuations, was extremely discouraging. The industrialized countries seemed to be aiming at greater autarky in the production of primary commodities to the detriment of the tradi-

^{1/} United Nations publication, Sales No.: 66.II.C.1.

^{2/} See Proceedings of the United Nations Conference on Trade and Development, vol. I: Final Act and Report (United Nations publication, Sales No.: 64.II.B.11).

tional producers. In view of those negative developments, aggravated by the growing burden of foreign debt, it was easy to understand why few of the developing countries had been able to attain the modest target of 5 per cent for their economic growth; the failure of the others was due largely to the insufficiency of the external resources available to them. It was unfortunate that, precisely at the time when decisive efforts were required to accelerate growth rates, the developing countries were faced with the prospect of a reduction in foreign aid, and the export earnings of the countries of the Third World were being threatened by the restrictive trade policies adopted in most of the developed countries.

8. Far from being unrealistic, the objectives of the Development Decade were modest in terms of the developing countries' needs. Even if the target growth rate of 5 per cent were achieved, the gap between the rich and the poor countries would continue to widen. It was sometimes said that the developing countries themselves should do more to foster their own economic development; however, they were fully aware of their responsibilities in that respect.

9. During the 1960's, Pakistan had achieved a compound annual growth rate of 5.2 per cent by increasing its investments from 10.5 per cent of the gross national product in 1959-1960 to 18.5 per cent in 1964-1965. Under its third plan (1965-1970), the annual growth rate was to be as much as 6.5 per cent. Pakistan's development effort had embraced agriculture and industry alike. In the agricultural sector, an important role had been played by land reform. Although a ceiling had been fixed for the total acreage which could be held by a single owner, the reforms had also provided for the consolidation of uneconomic holdings. Measures had been taken to improve agricultural methods by providing easy credit and better seeds, fertilizers and insecticides. The formation of agricultural co-operatives and of tractor and agricultural machinery pools had also been encouraged. As a result, the agricultural growth rate during the period 1960-1965 had been 3.5 per cent per annum. Over the same period, the rate of industrial growth had been increased to more than 10 per cent per annum by industrial planning methods which were not based on any rigid doctrine.

10. Pakistan had mutually advantageous trade relations with many countries. It had made particular efforts to develop its trade with countries in the same region including Iran, Turkey, Indonesia, Afghanistan, Burma, Ceylon and Nepal. Its trade with the socialist countries had also expanded considerably during the past few years. It was looking forward with interest to the results of the UNCTAD secretariat studies on the expansion of trade between developing countries, and had recently decided that the annual export target of over \$1,000 million originally fixed for 1969-1970 should be achieved during 1966-1967.

11. In conclusion, he said that it was not enough merely to pay lip service to the concept of international economic co-operation: all countries should take practical steps to translate the desired objectives into reality.

12. Mr. SOEHARDIMAN (Indonesia) agreed with the Under-Secretary for Economic and Social Affairs that the world economic situation was very serious. While the economic situation of the developed countries was generally favourable, the growth rate of the developing countries was inadequate, their share in world trade was declining, their foreign currency earnings were almost entirely absorbed by imports, and the flow of development capital was slowing down. Failure to achieve the objectives of the Development Decade was particularly disappointing, at a time when huge sums were being spent on the conquest of outer space, the armaments race and colonial wars.

13. Most of the developing countries were faced with two important tasks which were inseparable from one another—nation-building and economic development. For their economic development programmes, they needed capital, and particularly foreign currency to buy the capital goods that would enable them to increase the output of the raw materials which they exported. The terms on which foreign aid was granted should therefore be regulated in such a way that the servicing of loans did not constitute an excessively heavy burden on their already limited foreign exchange earnings—in other words, loans should be granted for long periods and at low rates of interest. Rigid provisions requiring down-payments for capital goods—provisions, for instance, such as those in the Berne Union understanding—should be adapted to present-day conditions, particularly as there were many other ways of ensuring repayment on business-like terms.

14. It was, furthermore, essential to develop international trade, which constituted the main source of foreign exchange and could, more easily than financial or technical aid, be divorced from the interests pursued by political or social systems. However, the situation was becoming worse with respect to access to markets and commodity prices. In spite of UNCTAD's recommendation A.II.1 on maintaining the status quo in the export trade in commodities, the European Economic Community had extended preferential treatment to certain products of some developing countries, such as vegetable oils. Moreover, by developing production of natural or synthetic products, under the shelter of protectionist policies, the developed countries were helping to weaken the position of the traditional producers. Such was the case, for example, with synthetic rubber, which now supplied more than three fifths of world rubber consumption. Nor had UNCTAD's recommendation on the extension of preferential treatment to the manufactures and semi-manufactures of the developing countries been acted upon, although its practical feasibility had been demonstrated.

15. His delegation sincerely hoped for the establishment of a United Nations capital development fund, as a multilateral source of capital for the developing countries, and it welcomed the recent establishment of the Asian Development Bank and the United Nations Organization for Industrial Development (UNOID). It had, furthermore, listened with great interest to the Philippine representative's suggestions (1025th meeting) for close co-operation among the countries of the region to which the Philippines and Indonesia belonged.

16. Instability of the commodity market was harmful to the economic development of the primary producing countries and might destroy the usefulness of the aid they received from the developed countries. Indonesia, for example, had lost \$30 to \$40 million in 1965 because of an approximate 15 per cent decline in rubber prices. It sincerely hoped, therefore, that practical measures would be taken between now and the second session of the United Nations Conference on Trade and Development, in order that the Conference might reach an agreement on commodity price stabilization, compensatory financing and the lowering of tariffs in the industrial countries for the semi-manufactures of the developing countries.

17. Indonesia, which had just embarked on a new economic programme for ensuring its political and economic stability as rapidly as possible, was convinced that all the peoples of the world would benefit most from close co-operation between the primary producing countries and the industrialized countries, on the basis of equality and interdependence.

18. Mr. KADLEC (Czechoslovakia) said that the main problem was at present, and would continue to be for a long time ahead, the elimination of the gap between the levels and trends of economic development in the developed countries and those in the developing countries. The complex nature of that problem and its potential influence on the future of development in the world justified his delegation's conviction that, in the search for ways to narrow the gap, it was necessary to lay particular emphasis on long-term factors. The Under-Secretary for Economic and Social Affairs had, moreover, stressed that point in the excellent statement which he made at the 1023rd meeting. While not underestimating the value of short-term measures for solving the present burning problems, he thought it essential to consider the prospects and the complexity of the future, in order to proceed towards a concerted adaptation of national economies to the needs and laws of the international division of labour. The best means of improving the economic situation of the developing countries was a purposeful diversification of their economies, free from any kind of political or economic hegemony. In other words, what was needed was to eliminate the deformation which long-term exploitation by the metropolitan Powers had imposed on their economies and to which neo-colonialism, through the imperialist monopolies, was trying to perpetuate.

19. Such diversification would undoubtedly be a lengthy process and presented vast problems. For industrialization—the main factor—to be effective, not only must the products of the new industries established in the developing countries not have to cope with barriers in the developed countries but the latter must also create new markets for them. Whereas the selfish interests which impeded the development of industries in the developing countries were a typical feature of the market economies, the planned economy system offered possibilities for progressively introducing into the economies concerned—provided the necessary financial resources were available—the changes required by the international division of labour.

20. Within the context of the changes taking place in the management of its national economy, Czechoslovakia would intensify its external economic relations, taking into account the interests of the developing countries. Its imports of manufactures and semi-manufactures from the developing countries, which in 1963 had amounted to less than 1 per cent of its total imports from that source, had amounted to 5.2 per cent in 1964 and 12.6 per cent in 1965. In the first half of 1966, the rate of growth of imports of that group of products had been twice as high as that for the total imports from developing countries.

21. The latter countries could, of course, only diversify their economies if they possessed the necessary financial means. In recent years, they had already made efforts to mobilize their domestic resources and had achieved some positive results. Nevertheless, it was impossible to over-emphasize the part that must be played in the financing of economic development by those who were responsible for the present situation. As had already been pointed out to the Second Committee, the developed countries' repatriation of the profits reaped in the developing countries drained off a large portion of the assistance they provided, even when such assistance was considerable. It was obviously in that area, and with particular reference to profits from direct investments, that savings could be realized which would facilitate the economic progress of the under-developed countries. The draft resolution on permanent sovereignty over natural resources, submitted by Algeria, Poland, the United Arab Republic, the United Republic of Tanzania and Sudan at the twentieth session was, in that connexion, a step in the right direction.

22. Czechoslovakia, which maintained extensive economic relations with the developing countries, supplied them with machinery on credit; moreover, in accordance with the spirit of UNCTAD's recommendation A.IV.3, the overwhelming majority of government credit to developing countries was granted on very favourable terms.

23. It was truly paradoxical that, at a time when means were being sought for intensifying economic development, vast sums were being spent on arms and on the war of aggression in South-East Asia, which was destroying enormous material wealth, not to mention human lives. No one could claim that the war being waged by the United States was facilitating economic development or the solution of the difficult problems which were featured on the Second Committee's agenda. He was mentioning the war in order to stress the indivisibility of two phenomena: economic development and international peace. Economic development was as indivisible as peace, and his delegation wished to emphasize the necessity of adopting a universal approach in considering the questions relating to it, namely, that no one single factor of the world economy, however important it might be, should be given a monopoly of attention and priorities should be established. If all parties concerned were to feel genuinely involved in the international division of labour, it was essential that economic questions should be subjected to a detailed and full evaluation.

24. If normal economic ties were to be established between nations, there must be respect for the funda-

mental principles of international economic relations, such as non-discrimination, the granting of mutual advantages and respect for national sovereignty. Unfortunately, Czechoslovakia continued to be subject to discriminatory measures applied by certain Western countries and their groupings, and it demanded that an end should be put to that abnormal situation once and for all.

25. His delegation fully recognized the significant role that UNCTAD could play in solving some of the economic problems of the developing countries and hoped that the second session of the Conference would help to eliminate the problems presented by international trade. In conformity with the recommendations of the first session of the Conference, Czechoslovakia had adopted measures which had increased the total value of its imports from developing countries by more than 25 per cent in 1965 and 17.5 per cent during the

first half of 1966, as compared with the first half of 1965.

26. The United Nations Organization for Industrial Development could also play a significant role in solving world economic problems although, in his delegation's view, the draft statutes to be considered by the Second Committee were not exactly in line with the functions to be assigned to that important institution. Almost one half of the exports of Czechoslovakia, which was one of the world's ten most industrialized countries, consisted of equipment and machinery, a large part of which was exported to the developing countries. His country's experience might thus be of great help to UNOID in promoting international co-operation in industrialization, especially as, fifteen years after the Second World War, Czechoslovakia had succeeded in industrializing a part of its territory which had not formerly been industrial.

The meeting rose at 4 p.m.

United Nations
**GENERAL
ASSEMBLY**

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1031st
MEETING**

Thursday, 13 October 1966,
at 10.30 a.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

GENERAL STATEMENTS (continued)

1. Mr. BOIKO (Ukrainian Soviet Socialist Republic) said that the economic situation of the developing countries, whose rate of growth was lagging behind the modest targets of the United Nations Development Decade, was a major cause for concern. Their deteriorating trade situation had resulted in a reduction of the amount of resources available for development and an increase in their external debt, while their extremely low gold reserves meant that their economies were unable to function normally. Although the developing countries had accounted for 21.8 per cent of world trade and 11.6 per cent of world production in 1965, their gold reserves in the same year had amounted to only 6.5 per cent of those of the developed countries.

2. Because of the lack of domestic markets for their agricultural products, many developing countries were still heavily dependent on their foreign exchange earnings as a source of development resources. There was therefore an urgent need to stabilize commodity prices. The adverse influence exerted on their economies by the instability of commodity markets was felt particularly deeply by the developing countries, because it resulted from fluctuating trends in the economies of their former colonial rulers, who had organized their production in the interests of their own monopolies. But while export prices for primary products must be stabilized, they must also be fair; whereas the prices of primary exports from developed countries had risen by 13 per cent since 1960, prices for similar exports from the developing countries had remained at the same level. Had the developing countries been able to export on the same terms as the developed countries, their export earnings for 1966 would have increased by about almost \$4,000 million. In that connexion, it was significant that the amount of additional development aid which the developing countries could now absorb was estimated at from \$3,000 million to \$4,000 million.

3. The situation was aggravated by the fact that there had also been a 7 per cent increase since 1960 in the prices of manufactured goods, which constituted the bulk of the developing countries' imports. It was therefore clear that very little progress had been made in establishing fair prices during the first half of the Development Decade, and the United Nations

and the United Nations Conference on Trade and Development (UNCTAD) should therefore immediately undertake careful studies to determine the causes of price fluctuations in individual markets and ways and means of improving the situation.

4. Inflation had so far been considered principally with reference to its effect on the developing countries, but stress should instead be laid on inflation in the developed capitalist countries and on the adverse effect which the two main anti-inflationary measures they adopted—raising the bank rate and increasing taxes—had on the economies of developing countries. While direct tax increases were highly unpopular and a last resort, the dearer credit resulting from higher bank rates in all capitalist countries was one of the principal reasons for the cutback in the flows of capital to the developing countries in recent years. The need to eliminate balance-of-payments deficits was often advanced as a justification for the increases, but Western countries which adopted such measures took no steps to eliminate the real causes of those deficits. It was well-known, for example, that the enormous outlay of the United States and the United Kingdom on their armed forces abroad was one of the main reasons for their balance-of-payments deficits, but there was no sign of those expenditures being significantly reduced in the future.

5. Thus, the developing countries were left to their own devices and forced to strive for higher export earnings, a greater share in revenues from the natural resources at present exploited by foreign capital, and a reduction in their capital outflows. The Ukrainian delegation believed that the United Nations should help developing countries to fulfil their national development plans by determining the causes, scope and effects of capital outflows from developing countries and suggesting means of reducing them, in order to lessen the external debt burden.

6. In considering international monetary reform, full account must be taken of the interests of all the members of UNCTAD: the matter should therefore be discussed by UNCTAD and not merely by ten developed capitalist Powers. Another practical step which UNCTAD could take towards removing the obstacles to world trade would be the normalization of East-West trade. Progress in implementing the recommendations of the Conference had been extremely slow, but in contrast to the developed capitalist countries, which had rejected some recommendations and called for the revision of others, the Ukrainian Soviet Socialist Republic and other socialist countries had urged their speedy execution. The socialist countries had taken specific measures to expand their external trade and other economic relations with the developing countries, providing technical assistance,

for example, in industry, agriculture, science, education, transport, geology and technical training. In the Ukrainian SSR, more than 4,500 foreign students, mostly from the developing countries, were being trained in a wide range of specialties, while many Ukrainian specialists were working in developing countries.

7. The Ukrainian SSR also participated in United Nations multilateral technical assistance programmes, but regretted that much of the funds it contributed were not used. Although utilization of voluntary contributions to the technical assistance component of the United Nations Development Programme (UNDP) had recently improved slightly, unused voluntary contributions to the Special Fund component had reached \$170 million by the beginning of 1966. His delegation therefore hoped that UNDP would apply those resources to investment proper, leading to the eventual transformation of the Special Fund into a capital development fund.

8. The Ukrainian delegation welcomed the establishment of the United Nations Organization for Industrial Development (UNOID). However, the new organization must ensure that sufficient emphasis was given to the fundamental role played by the public sector in the industrial policy and development planning of developing countries. In that connexion, UNOID could usefully draw on the experience of the socialist countries. The new organization should also co-operate with the developing countries in the implementation of industrialization policies, including the introduction of advanced technology and the utilization of natural resources, in accelerating capital investment and in training technical cadres.

9. The Ukrainian 1965 economic plan had been fulfilled. Under the new plan for 1966-1970, industrial production would increase by almost 50 per cent and agricultural output by 25 per cent, while gross national income would rise by 39 per cent. Preliminary results for 1966 indicated that both the industrial and the agricultural targets of the plan were realistic.

10. The question of permanent sovereignty over natural resources was of particular concern to the developing countries which had recently freed themselves from colonial dependence. The United Nations should help developing countries to maintain that sovereignty by preventing its violation and supporting measures such as the nationalization of foreign property. It should support their just claims to a greater share in the administration of and in the profits accruing from natural resources being exploited by foreign capital. It should also provide for the training of national cadres in all areas where natural resources were being exploited by foreign capital, as advocated in the draft resolution submitted at the twentieth session of the General Assembly.

11. The World Land Reform Conference, held at Rome in 1966, had shown that democratic land reform was one of the most urgent tasks facing most of the developing countries and essential to the achievement of economic independence and adequate growth rates. Reform would be democratic only if it provided for the reapportionment of large holdings, including

those of foreign landlords, in the interest of those who owned little or no land. Such radical reform would be an important step towards eliminating economic and social backwardness, increasing the production of raw materials, achieving higher growth rates and a better distribution of national income, and raising living standards. It was essential that the United Nations, the regional economic commissions and other specialized bodies should make use of and publicize the experience of such countries as Cuba, the United Arab Republic and Burma in that connexion.

12. At the World Population Conference, held at Belgrade in 1965, there had been general agreement that birth-rates and death-rates would in the future be much more dependent on social and economic factors and on scientific and technological advances. The General Assembly should bear that important consideration in mind in discussing population growth and economic development and not merely recommend measures and offer technical assistance for birth-control. The participants in the Conference had also recognized the importance for development planning of long-term population projections and regular censuses. The Ukrainian SSR, in accordance with the recommendation of the Statistical Commission that all countries should hold a population census in 1970 or thereabouts, would hold its next census in January 1969, and would use the results of the previous census of 1959 in preparing the five-year plan for the development of its national economy in 1971-1975.

13. His delegation welcomed the enlargement of the membership of the Economic and Social Council. The Council, like UNCTAD, had rightly discarded the economic break-down of the world into developed and developing countries in favour of the categories "socialist", "developed capitalist" and "developing" countries. The division of the world into "rich" and "poor" countries was clearly unjustified, since the capitalist and the socialist countries could not be grouped together. The imperialist countries nevertheless attempted to do so, in order to lay part of the blame for their past and present colonial activities at the door of the socialist countries; they were still attempting to manipulate the economies of the developing countries in order to enrich their monopolies.

14. The conversion to peaceful needs of the resources released by disarmament should be considered realistically; more and more resources were being swallowed up by the arms race and there were numerous examples of imperialist aggression against freedom-loving peoples. In that connexion, the United States policy of aggression was destroying Viet-Nam's natural and human resources and preventing normal economic relations between States.

15. MR. PIÑERA (Chile) stressed that peace-building must go hand in hand with peace-keeping and Chile, though a small country, was prepared to play its full role in both. Development was vital to peace-building. Although the developing countries recognized their responsibilities and were prepared to make every effort to mobilize their own resources, they must be given every assistance by the big Powers.

16. At the same time, among the developing countries, especially those represented at the United

Nations Conference on Trade and Development, a deep feeling of solidarity was emerging. It was not just a question of common interest; the seventy-seven developing countries which were members of UNCTAD represented a lasting union of multi-racial, multi-religious, multi-political and multi-lingual societies all united in the endeavour to remedy their under-development.

17. The existence of such under-development was nothing short of scandalous. Two thirds of mankind were suffering from a lack of food, housing, education and future prospects and lived on the margin of the world economy. Chile faced a similar problem on the domestic level and was doing everything in its power to overcome it. Its efforts must be paralleled at the international level so as to eliminate the "economic apartheid" that existed throughout the world. The problem was urgent; traditional methods had failed to solve it and new and revolutionary ones must now be tried.

18. The more advanced countries often discussed their economic problems in closed groupings, but what was needed was a fruitful dialogue between rich and poor countries in a common forum. Such a forum already existed in UNCTAD which performed the triple function of promotion, confrontation and conciliation. Similarly, financial problems tended to be discussed by the developed countries in small exclusive groups. The time had come for UNCTAD to sponsor a world monetary conference where all countries had an equal voice and where international financial problems could be discussed constructively. The Bretton Woods Agreements were twenty years old and completely out of date. Thought should also be given to the convening of a world shipping conference to tackle the acute problems facing the developing countries, such as freight rates, tariffs and preferences.

19. Of great significance for development was the spread of technology which was a matter not for academic discussion but for practical action. Paradoxically, the development of technology so far had actually militated against the advancement of the poorer countries. The time had come to ensure that technology was harnessed for the betterment of all mankind. Nor was technology merely a matter of royalties and patents: ways and means should be found whereby the enormous advances of science and technology could bring about a rapid improvement in the situation of the Third World. In that respect, both the Second Committee and UNCTAD had a vital role to play.

20. As a result of the first session of UNCTAD, a solid body of principles for governing international trade already existed. There had been some opposition and some reservations from the developed countries but all the principles had been adopted with substantial majorities and were now an established fact. While it might take some time to formulate a world trade development plan, there were already many sectors in which advances could be made.

21. The needs of the developing countries had been clearly evaluated; what was needed now was a clear decision by the developed countries to allocate the

resources necessary to meet those needs. Vague statements of intention or discussions of the extent to which the 1 per cent target was being met were not very helpful. A definite commitment by the advanced countries was necessary to help solve the specific problems of the developing countries in the matters of finance, shipping, trade, etc. He therefore suggested that a summit conference of the developed countries should be held at which they could agree on a joint programme for helping the developing countries in such specific fields. They could then come before the developing countries—at the second session of UNCTAD, for example—and begin a constructive dialogue leading to a concerted action.

22. Land reform was another vital ingredient of development. It involved not only efforts to increase agricultural production but also basic changes in the social framework. The recent World Land Reform Conference had placed that problem in a world-wide perspective and he hoped that a world attack on it would be maintained. The problems of trade, food and literacy must be similarly tackled. To eliminate hunger, a crash programme, led by the advanced countries, was necessary, since studies prepared by the Food and Agriculture Organization of the United Nations showed that a crisis was imminent.

23. Chile was promoting development—land reform, taxes, education and the exploitation of natural resources—at the domestic level and was ready to play its part internationally. It was confident that with proper international co-operation progress could be made.

24. Mr. KARMARKAR (India) said that his delegation shared the disappointment expressed by the Secretary-General in his report on the United Nations Development Decade^{1/} at the failure of the world community to make progress towards two primary targets of the Decade—a 5 per cent annual growth rate for the developing countries and the transfer to those countries of 1 per cent of the national income of the developed countries. The gap between the two groups of countries, in terms of annual rates of growth and *per capita* income had, in fact, grown wider. There was a further disparity, however, which was causing even deeper concern: that of the declarations of intent and the actual implementation of specific programmes and policies, and it should be the object of the Second Committee to identify and recommend measures to reverse both trends during the second half of the Decade.

25. Although it was true that the main responsibility for improving the economic position of the developing countries had to be assumed by those countries themselves, their failure so far to attain the modest targets of the Decade had not been due to the lack of effort in mobilizing their internal resources but, in the majority of instances, to the insufficiency of external resources. All authorities were unanimous in acknowledging that the flow of external financial resources had slackened at a time when the capacity of the developing countries to make effective use of such resources had

^{1/} Official Records of the Economic and Social Council, Forty-first Session, Annexes, agenda item 5, documents E/4196 and Add.1-3.

become greater. In fact, while domestic savings in the developing countries had amounted to almost 14 per cent of the gross domestic product in 1964, the ratio of resources provided by the capital-exporting countries to their gross output had declined from 0.84 per cent in 1961 to 0.65 per cent in 1964. There was reason to believe that that situation was attributable not so much to the financial difficulties of the developed countries as to certain public and private attitudes, and if that were so, no effort should be spared to change those attitudes.

26. A problem of almost equal concern to the developing countries was the very rapid rise in their debt-servicing obligations. It had been estimated that, unless the terms on which aid was made available were made considerably softer, repayments of existing loans would completely neutralize the inflow of capital in a little more than fifteen years. A satisfactory solution to that problem was, moreover, in the interest of both borrowers and lenders, since the impoverished two thirds of the world constituted a potential export market which no major trading country could afford to ignore. His delegation hoped that the constructive proposals in Economic and Social Council resolution 1183 (XLI) concerning the volume and the terms of aid would be implemented with the urgency they deserved.

27. India's substantial progress during the previous fifteen years towards expanding and diversifying its economy had been achieved through a massive effort by its people. Of the total investment of \$22,800 million in the first two five-year development plans, only \$2,200 million had come from external assistance, the remainder was from domestic savings in a country in which per capita income was among the lowest in the world, that represented no small sacrifice on the part of the people. The necessary infra-structure for a diversified economy had been built, industrial production had grown at the rate of 8 per cent per annum during the previous fifteen years and it was hoped that by 1970, within two decades, India would have doubled its food production.

28. Despite all those achievements, India was painfully aware of the need to raise the appalling low living standards of its people to an adequate level. The difficulties it faced in so doing were those common to all developing countries, one of the foremost being the decline in foreign exchange reserves as a result of the increasing burden of debt-servicing. The Under-Secretary for Economic and Social Affairs had suggested the creation of a system of regional and global planning based on mutual commitments. However, there was need for caution in view of the political implications of such a system. It must be clearly understood that the aid-giving process would involve no interference with the social and political framework within which the developing countries were seeking to transform their societies. There was need for continuity in the flow of external resources for planned economic growth. As matters stood, commitments were limited to one year at a time, which tempted the donors to use criteria which were not purely economic when renewing their commitments.

29. The wide support for the establishment of a United Nations capital development fund was based on the reasoning that the multilateral approach to aid for development would make the international community responsible for investment in the developing areas and thus relieve the apprehensions of the aid-giving countries concerning the effective utilization of the resources provided by them. His delegation therefore appealed to all delegations to speed up the establishment of the fund.

30. Progress in implementing the recommendations of UNCTAD had been disappointingly slow: the prices of some primary commodities had declined; efforts to conclude international agreements on cocoa and sugar had failed; and, with the exception of Australia, the developed countries had done little in regard to schemes for general preferences. Progress in the removal of tariff and non-tariff barriers had also been slow. For that reason, it was to be hoped that the approach suggested for the second session of the Conference—that of concentrating on selected issues of fundamental importance—would lead to specific agreements and plans of action.

31. The establishment of UNOID fulfilled a long-felt need of the developing countries, and his delegation hoped that the Second Committee would endorse the draft resolution (A/6229, para.11) submitted by the Ad Hoc Committee on UNOID, particularly the provision relating to a separate pledging conference for UNOID.

32. His Government had offered New Delhi as a site for the headquarters of UNOID in the belief that the location of one major organ in a developing country would bring the United Nations closer to the developing world. Moreover, the location of UNOID in India, which had the experience of two decades of planned development in the industrial field, would give that organization an opportunity to study at close quarters the problems facing the developing countries in the process of industrial development.

33. The extent to which economic development could be nullified by population growth had long been recognized by the developing countries. His Government realized that the social and economic betterment of the people of India could be achieved only if its population growth was controlled and its human skills and resources developed to the desired extent; it was therefore organizing what was perhaps the largest control programme ever known.

34. The increasing scope and complexity of the activities of the United Nations and its agencies had led to the demand for better co-ordination. His delegation hoped that the Second Committee's general review of programmes and activities and of the functions of the Council, as well as its consideration of the decentralization of economic and social activities would further co-ordination. His delegation wholeheartedly supported the recommendations of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies on the question of co-ordination.

35. In conclusion, he expressed his delegation's hope that Member States would accept their responsibility under the United Nations Charter to employ

international machinery for the economic and social advancement of all peoples.

Mr. Boiko (Ukrainian Soviet Socialist Republics), Vice-Chairman, took the Chair.

36. Mr. Al-RASHID (Kuwait) observed that, unless serious efforts were made to check the growing disparity between the living standards of the advanced and those of the developing countries, the current trend might well continue for decades to come. One measure urgently needed to offset the crippling burden of those countries' indebtedness was the provision of aid in the form of gifts, or of low-interest, long-term loans. Moreover, the failure of the developed countries to meet the 1 per cent target for the transfer of resources was most disappointing; it was perhaps not sufficiently appreciated that an increase in the per capita income, and consequently, in the purchasing power, of developing countries would have a salutary effect on the markets of the developed countries.

37. The efforts of developing countries were being hampered by the rate of population growth. Such palliative measures as the World Food Programme merely emphasized the need for far-reaching agrarian reform. The development of agriculture and other natural resources should, however, be undertaken in conjunction with industrialization, since priority necessarily had to be given to export-oriented industries.

38. The developed countries had so far shown little inclination to adopt the trade policies recommended by UNCTAD. Countries heavily dependent on the export of non-renewable natural resources, for instance, had witnessed little progress towards the reduction and elimination of barriers to the trade in and consumption of such products. The co-operation of the developed countries with UNCTAD would do much to allay the suspicion that they were still eager to impose their economic sway on newly independent countries.

39. His delegation had consistently supported the establishment of UNOID. It was to be hoped that UNOID would establish regional centres to accelerate the industrialization of developing countries and devote particular attention to the promotion of industries capable of absorbing surplus manpower.

40. The expansion of the activities of the United Nations Institute for Training and Research was particularly gratifying. His country's sore need for technical knowledge and skilled personnel for its development projects led him to hope that priority in the Institute's work would be given to training that would meet the immediate needs of the developing countries, and that some programmes would be undertaken in those countries.

41. The consolidation of assistance activities within UNDP had led to closer co-ordination and greater efficiency in programmes, and better utilization of available funds. The Programme was a clear example of development assistance untainted by military, political or ideological considerations.

42. The rapid economic transformation of Kuwait was due to revenues from oil production; Kuwait

was, in fact, the world's fourth largest producer of oil. Efforts were being made, however, to diversify the economy and lessen dependence on oil. Social advance had kept pace with economic prosperity and Kuwait's wealth was also being applied to helping other countries in the Arab world. The Kuwait Fund for Arab Economic Development, for example, assisted projects in Arab States by providing low-interest loans, and his country was participating in the establishment of an Arab-African bank. His Government was therefore translating its belief in the importance of regional and international co-operation into practical action, and would welcome the strengthening of an important instrument of regional co-operation in its area, the United Nations Economic and Social Office at Beirut.

43. Sir Edward WARNER (United Kingdom) said that he would confine his remarks to explaining his country's present position and its bearing on the United Kingdom's capacity to extend aid, and to the urgent need for economy in the administration of available aid.

44. The United Kingdom recognized its moral responsibility, shared with other industrial countries, to help the developing countries raise their standards of living and expand their trade, thus stimulating world prosperity. It could not tolerate poverty in large areas of the world side by side with affluence. Unfortunately, the United Kingdom's present economic situation prevented it from doing as much as it wished, but it was determined, at the proper time, to increase its assistance to the developing countries. Its capacity to do so would depend on the strength of its recovery.

45. To achieve that recovery, stringent measures had been taken in July 1965 to restore the balance of payments by curtailing internal consumption and re-deploying labour for employment in export industries. Those measures had been followed by plans to modernize and re-equip United Kingdom industries and make them more competitive in world markets. A new relationship between Government, employers and labour had been achieved at the United Kingdom's first Productivity Conference, which had recently been under the chairmanship of the Prime Minister. At that Conference, the Prime Minister had stated that in any country, regardless of its economic motivation, rising living standards were possible only to the extent that productivity increased; productivity was, in fact, the only road to greater prosperity.

46. That principle could also be applied in the United Nations family of organizations. If developing countries were to benefit fully, it was essential that operational aid in the field should be maximized and made as productive as possible, in accordance with national and regional development plans, and not dissipated in the excessive administrative overheads of overlapping and competing institutions. There must be a constant endeavour to eliminate duplication and the ineffective use of resources, and he therefore warmly welcomed the strengthening of the position of UNDP representatives in the field, on whom much would depend. The United Kingdom remained opposed to the establishment of any new institutions which might cause further duplication in the work without increasing the resources available

or the effectiveness of their utilization. It was strongly in favour of multilateral aid, although the extent to which aid was channelled through the United Nations and associated organizations would depend partly on the degree of confidence which their staff could create among donor countries. In that connexion, his delegation hoped that the recommendations of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies would be put into effect at an early date.

47. The United Kingdom, fully aware of the problem of growing indebtedness in the developing countries, had taken the lead in providing interest-free loans, with waivers of capital repayment for the first few years. It also attached high priority to the International Development Association (IDA); it had made provision in its aid programme for a substantial replenishment of IDA resources, and would be ready to join with other countries in working out a new programme.

48. The United Kingdom shared the general disappointment that development aid had levelled off in the middle of the United Nations Development Decade, and hoped that it would soon be able to resume the progressive increase in its contributions towards the objective of upgrading the productivity of two thirds of mankind to levels that were now technically possible. On that task depended not only the well-being of the under-privileged, but also the future prosperity of the United Kingdom itself, it being a nation vitally dependent on imports of food and raw materials, and consequently on the existence of flourishing export markets for its manufactures. That upgrading of productivity must be achieved both in agriculture—in order to increase food production and offset the alarming increase in world population—and in industry, where UNOID would have an important role to play.

49. The United Nations Conference on Trade and Development provided a framework for strengthening the trade situation of the developing countries by such means as the conclusion of commodity agreement and, in that regard, he regretted the set-back over cocoa, as well as the elaboration of a system of supplementary financing, for which the United Kingdom, together with Sweden, had put forward proposals at the first session of the Conference. The United Kingdom would play its full part at the second session of the Conference.

50. Mr. OLSEN (Denmark) said that all the problems of economic development were closely interrelated. Hence, it had become increasingly clear that overall co-ordination and planning were of paramount importance. He emphasized the important role which the Second Committee and the Economic and Social Council could play in that respect and welcomed the joint meetings held between the Administrative Committee on Co-ordination and the Special Committee on Co-ordination as well as the activities of the Advisory Committee on the Application of Science and Technology to Development and of the newly established Committee for Development Planning. It was gratifying to note that the Council had already assumed the guiding and co-ordinating role assigned to it in the Charter.

51. Recent population growth and bad harvests had underlined the problem of insufficient food production.

As a result, his delegation hoped that new agricultural policies would be adopted in many countries. There was no universal panacea; in most of the densely populated areas food production could be raised only through higher productivity, for which much technical and financial assistance would be needed. Denmark, which until recently had been a predominantly agricultural country, had been actively engaged in providing technical assistance in agriculture and would continue to give priority to it. It had also taken an active interest in the World Food Programme and had raised its contribution for the second three-year period of the Programme from \$2 million to \$7 million.

52. Since the twentieth session, when the item "Population growth and economic development" had first been debated in the Second Committee, a remarkable change in attitude had taken place in many countries, as had been reflected at the World Population Conference in 1965. The time had come for the United Nations to play the role that many countries with serious population problems wanted it to play.

53. His delegation was concerned at the mounting number of items suggested for inclusion in the agenda of the second session of the United Nations Conference on Trade and Development. As Mr. Prebisch, Secretary-General of UNCTAD, had suggested, the Conference should play a negotiating role and concentrate on a limited number of questions which were likely to yield results. The Conference could be of the greatest importance as a forum for the formulation of trade and development policies and as an institution capable of achieving practical results, but it must improve its procedures and institutional arrangements and adapt them to needs and practical possibilities.

54. Undoubtedly, the exchanges of views that had taken place in UNCTAD had created in many countries, including Denmark, a growing understanding of the vital problems of the developing countries. Denmark was ready to support certain proposals based on the principle of reciprocal obligations, including those for supplementary financing and for the conclusion of international commodity arrangements.

55. His delegation agreed with the Under-Secretary for Economic and Social Affairs on the subject of the mutual commitments which must be undertaken in the framework of the United Nations Development Decade. It shared the concern expressed over the low growth rate in the developing countries and the insufficient flow of capital resources from the developed to the developing world. The performance during the first half of the Decade had been unsatisfactory and must be improved during the second half. It might be useful in the future not to base discussions on average figures for growth rates, which were somewhat misleading, but to use a few group averages, which was a better yardstick.

56. Although Denmark viewed with concern the levelling-off in the transfer of resources to the developing countries, it found some consolation in recent institutional improvements, such as the extension of the activities of the International Bank for Reconstruction and Development, the close co-operation between the Bank and UNDP, the projected

strengthening of IDA and the establishment of the regional development banks. Denmark had not yet achieved the 1 per cent target, but in the financial year 1966-1967 its disbursements would be no less than 85 per cent higher than in the preceding financial year. It intended to continue to increase its disbursements at a high rate in the coming years both for multilateral and bilateral programmes.

57. The increase of 85 per cent covered all major branches of aid. The largest expansion had been in bilateral financial assistance, and in the first seven months of 1966 more than \$14 million had been committed as government loans to developing countries.

In deciding upon liberal terms for such loans, his Government had been influenced by similar decisions taken by the United Kingdom and Canada and by the general recommendations of the Development Assistance Committee of the Organization for Economic Co-operation and Development. Denmark has also subscribed \$5 million to the Asian Development Bank.

58. Finally, Denmark regarded the decision to establish the United Nations Organization for Industrial Development as highly important and intended to participate fully in the efforts to launch it.

The meeting rose at 1.50 p.m.

United Nations
**GENERAL
ASSEMBLY**

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1032nd
MEETING**

*Friday, 14 October 1966,
at 10.35 a.m.*

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

GENERAL STATEMENTS (continued)

1. Mr. MURGESCU (Romania) noted that, despite the doubts of some delegations, the general debate had proved useful in placing the main economic problems before the Second Committee in the general setting of world peace and progress and in defining the context in which specific items would be discussed.

2. In his statement of 4 October (1023rd meeting), the Under-Secretary for Economic and Social Affairs had referred to the political implications of international aid activities and the need for a real dialogue between donor and recipient countries. In the final analysis, the world economy was no more than the sum of the national economies, and it was natural that each country wished to solve its own problems according to its own ideas. Nevertheless, the increasing inter-dependence of the modern world made it essential for countries to aid each other in the furthering of the world's economic progress, and United Nations assistance programmes could play an important role, together with bilateral assistance programmes, in preparing the way for the eventual elimination of underdevelopment.

3. However, while the many international agencies concerned with development should be given every opportunity to function effectively, they could never take the place of national initiative. The experience of the last twenty years had shown that the best guarantees of effective international co-operation were respect for the principles of independence, national sovereignty, equality of rights, mutual benefit and non-interference, and the realization by each nation of the advantages of co-operation in the rational utilization of its natural and human resources.

4. The Romanian delegation therefore attached great importance to the efforts of the United Nations family to help Member States, exercising full national sovereignty, to locate and utilize their natural resources, to eradicate illiteracy, to train national cadres and to develop their own research centres. Such endeavours would aid the developing countries' own efforts to strengthen their political independence through economic independence and modern infrastructures.

5. The efforts of individual countries to raise their levels of living were often hampered, or even nullified,

by the present system of international economic and trade relations, and there was an urgent need to eliminate trade discrimination, artificial barriers and all attempts to use economic co-operation as a means of interfering in the affairs of other States. Economic co-operation could not be divorced from international political relations, as was clear from the regrettable fact that the work of many international economic organizations was hampered by a lack of universality in their membership.

6. A recurrent feature of United Nations economic and social activities was the inadequacy of resources, which was now clearly evident from the disappointing results of the United Nations Development Decade. The United Nations must take action commensurate with the alarming proportions of under-development. The resources needed for that purpose were available, but were to a large extent being swallowed up by the arms race. It was therefore very pertinent to refer in the Second Committee to the war being waged by the United States against the Viet-Nameese people. That war, which violated the elementary rules of international law and threatened world peace by denying a people its right to freely decide its future, was impeding international co-operation and poisoning the international atmosphere. Nations must realize that there could be no effective and lasting solution of economic and social problems without a lasting peace. The continuation and intensification of multi-lateral economic and financial assistance, integrated into a consistent policy of international relations, was to be encouraged.

7. Romania was aware from its own experience that industrialization played a decisive role in balancing the development of the economy and in raising the living standards of the people and, therefore, it welcomed the establishment of the United Nations Organization for Industrial Development (UNOID). The progress realized by Romania over the past fifteen years in rationalizing its natural and human resources, organizing its economy, particularly in the farm sector, and extending its economic relations was due to the fact that industrialization had been the cornerstone of its economic policy. Romania fully appreciated the complexity of the work confronting UNOID and the need for concentrated effort to assist countries in implementing their national industrialization programmes.

8. The Romanian delegation attached particular importance to improving the co-ordination and effectiveness of United Nations economic development activities. It therefore hoped that, following the joint meeting of the Special Committee on Co-ordination and the Administrative Committee on Co-ordination, fur-

ther progress would be achieved at the meeting on human resources to be held in the summer of 1967. By focusing its attention on the formulation of long-term programmes dealing, for example, with the utilization of natural resources and the application of science and technology to development, and by establishing the new Committee for Development Planning, the enlarged Economic and Social Council had demonstrated its determination to fulfil its mandate under the United Nations Charter.

9. Mr. DEVENDRA (Nepal) said that the objective of accelerating progress towards self-sustaining growth in the developing countries could not be attained before the end of the United Nations Development Decade. In an age of unprecedented affluence in the developed world, the developing countries had actually experienced a deceleration in their growth rates. Although the target of 1 per cent of the gross national product of the developed countries for foreign aid had been set, the net aggregate flow of capital from the developed to the developing countries was only about 0.05 per cent. While foreign aid could not be a substitute for national self-reliance, it could, in the initial stages of development, be of great value in mobilizing internal resources. If the flow of economic assistance continued to be inadequate, the result might be not only greater starvation, disease and poverty for half the world's population, but also an international political crisis which might ultimately engulf rich and poor alike. Prosperity was indivisible, and the developed countries should work for the prosperity of the whole world.

10. The Nepalese delegation hoped that the developed countries would provide resources commensurate with the greater absorptive capacity of the developing countries, particularly for the purpose of industrialization once UNOID began its operations. The levelling-off in the flow of capital to the developing countries had an adverse effect on their economic development plans. Such assistance could be increased by the establishment of a United Nations capital development fund. In that connexion, the founding of the Asian Development Bank, which should prove of great help to countries of the region of the Economic Commission for Asia and the Far East, deserved mention.

11. The first half of the Development Decade had frustrated the developing countries' hopes; their terms of trade had not improved, and the only result of the series of dialogues and intensive studies that had transpired was the hope of an understanding between the developed and developing countries in the distant future.

12. One of the successes of the United Nations Conference on Trade and Development (UNCTAD) was the Convention on Transit Trade of Land-locked States, but more than a year after its adoption it had not yet come into force because of the failure of some transit countries to ratify or accede to it. Nigeria, the first coastal country to ratify it, was to be congratulated on demonstrating its belief in the principle of sharing its prosperity with neighbouring land-locked countries.

13. Nepal was in favour of holding the second session of the Conference in a developing country and regarded

New Delhi as a very appropriate choice. The recommendations of the first session of the Conference should be evaluated by the General Assembly in the light not only of relations between developed and developing countries but also of those between developing countries at various stages of economic advancement.

14. Nepal strongly supported the idea of designating 1967 as International Tourist Year. International tourism was of great importance not only as a means of bringing the peoples of the developing world closer but also as an invisible export which enabled developing countries to earn the foreign exchange required for their development. A co-ordinated effort by the developed and developing countries would help to expand international tourism.

15. Agricultural production in the developing countries was tending to lag behind their rate of population growth. Improved mechanization was not enough; most developing countries suffered from a fundamental defect in their agricultural structure. Nepal had therefore launched a revolutionary land reform programme in order to free the tillers of the soil from economic bondage. That programme, which was being carried out with the full participation of the entire population, had resulted in a more harmonious social structure and a better balance between the various economic sectors. The sharing of experiences by all developing countries engaged in land reform, in accordance with the recommendations of the World Land Reform Conference, held at Rome in 1966, would contribute greatly to their economic development.

16. Mr. FILALI (Morocco) said that under-development had become a subject of increasing concern to the international community. There was a general realization that unless the lot of two thirds of the world's population was drastically improved, the consequences might be beyond control. The United Nations Development Decade had created a programme of action to cope with the situation and the United Nations had established new institutions—UNCTAD, and more recently, UNOID—to concentrate on specific problems which required urgent practical solutions.

17. Despite all those efforts, however, the objectives of the Decade were not being attained and the time had come to identify the reasons for its failure in order to discover whether the fault lay in inadequate appreciation of the magnitude of the task or perhaps in the manner in which policies had been formulated. The need for such a reappraisal was urgent: all the information available showed that the situation of the developing countries was deteriorating at an alarming rate, with population growth and food shortages aggravating their economic and financial burdens. Moreover, the pace of technological advance in the developed countries was such that it tended to accentuate the demarcation line separating them from the developing world which, with its subsistence economy, had little prospect of access to the benefits of trade and industrialization.

18. The Second Committee had already heard a number of useful proposals for measures to deal with the situation, including those of the delegations of Iran, Chile and Canada. His delegation hoped that the dis-

cussion of those and other proposals would enable the Committee to lay the foundations for a development policy on a world scale, to which both industrialized and developing countries could contribute.

Mr. Boiko (Ukrainian Soviet Socialist Republics), Vice-Chairman, took the Chair.

19. Mr. VLADOV (Bulgaria) said his delegation shared the concern already expressed at the slow pace of development in the developing countries. Since 1950 there had been a steady decline in the annual rate of increase of their gross national products. In Bulgaria, growth rates were high at present and were similar to those prevailing in the other socialist countries. The members of the Council for Mutual Economic Assistance had raised their share of world industrial production from 17.8 per cent in 1950 to 31 per cent in 1965.

20. It was expected that, in 1966, industrial production in Bulgaria would be over twenty-four times higher than it had been before the Second World War and that more than 50 per cent of the national income would be generated by industry. His Government's policy had been to concentrate on the energy, metallurgy, machine-building and chemical sectors. Bulgaria had also stressed economic and social reform, adopted consistent planning methods and co-operated closely with the Soviet Union, which had given it unselfish economic and technical aid.

21. Countries which had just emerged from colonial rule could not consolidate their independence without accelerated social and economic development. The imbalances in the production and distribution of wealth throughout the globe were being aggravated daily by the lag in economic development in certain areas. A major reason for such imbalances was the existing international division of labour. To remedy that state of affairs, which was the direct result of colonialism, further action must be taken to stop the exploitation by foreign capital of the developing countries' resources, which precluded changes in the structure of their economies. It was essential to uphold the sovereignty of those countries over their natural resources, to eliminate the domination of their economies by foreign monopolies, to improve the unfavourable terms of their trade and to establish remunerative prices for their products. The impact of colonial systems and of neo-colonialist practises on the economies of the newly independent nations merited closer study.

22. His delegation did not agree that the best opportunity for the low-income countries lay in the creation of a more favourable climate for private enterprise. Actually, foreign capitalists had been enjoying too favourable a climate for too long in those countries: Bulgaria objected to those activities sponsored by the United Nations which were aimed mainly at creating advantageous conditions for private investment in the developing countries. It was well known that foreign investors were usually motivated only by selfish interests. A thorough study should therefore be made of every kind of capital outflow from the developing countries and ways should be found of lightening their burden of debt.

23. The socialist countries had stressed the need to eliminate the pernicious influence of colonialism; to defend the economic rights and independence of the developing countries; to promote their industrialization with full safeguards for their sovereignty over their natural wealth and resources; to solve their agricultural problems through democratic and effective land reform; and to encourage the co-operative movement among their workers. Furthermore, there must be an equitable distribution of the national income and a systematic increase in allocations for welfare and social purposes. The importance of science and technology, of the strengthening of the State sector, and of comprehensive planning must be recognized. In tackling all those problems, the United Nations could make its contribution much more effective if the principle of universality were adopted.

24. Having in mind the achievements of rapid economic development in some countries, his delegation did not subscribe to the view that the developing countries were trapped in a vicious circle. Further studies should be made of the conditions and factors of development and of planning methods in countries with high rates of development, with a view to achieving practical results which could help the developing countries. It would be useful if the collection of data on indicators of the level of economic and social development, as well as the analysis of economic and social trends, could be expanded, so as to enable the Committee to define socio-economic targets more realistically and to frame a more efficient international policy. Efforts in the field of projections, programming and planning in the United Nations system should be pursued still further.

25. The practical results of the first session of the United Nations Conference on Trade and Development would have been much more tangible if certain countries, which had unjustified privileges in international economic relations, had not adopted a negative stand towards the recommendations of the Conference. Instead of promoting economic co-operation, those countries preferred to follow a policy which served their schemes for political intervention in the internal affairs of other States. For that purpose, trade discrimination, prohibitive tariffs and subsidies were commonly used. The policy of closed economic groupings and of outright discrimination against the socialist countries was being continued. The principal offender was the United States. In all appropriate bodies of the United Nations, and particularly UNCTAD, every effort must be made to implement the recommendations of the Conference.

26. Recently, some Western countries had taken positive steps to improve their economic relations with the socialist countries, which was an important contribution to a better political climate. The trade relations between socialist and developing countries were founded on the principles of peaceful coexistence, friendly co-operation and mutual advantage. More than 50 per cent of the exports from the socialist countries consisted of machinery and complete plants. The prospects for future trade between the socialist and the developing countries were even brighter.

27. The Bulgarian Government had announced a series of measures in the spirit of the UNCTAD recommenda-

tions, as a result of which its trade with many countries, and especially the developing countries, had expanded significantly. In addition, Bulgaria was increasing its co-operation with them in the fields of finance, industry, science and technology. Special inter-branch groups had been set up to evaluate Bulgaria's economic relations with the developing countries and to prepare proposals for submission to the Government for further expansion of such relations. Bulgaria's new five-year plan for economic development provided even more favourable conditions for the further improvement of its economic relations with the developing countries.

28. The United Nations Development Programme (UNDP) and, in general, the activities of the United Nations agencies to further international co-operation, made a positive contribution to the economic advancement of the developing countries. At the same time, the development of an industrial base in those countries, which would aim at the achievement of self-sustained and rapid growth, was urgently needed. Higher priority should therefore be given to industrial development projects. The assistance given to the developing countries should be concentrated on key projects and not spread over a number of small ones. Also, more experts should be recruited from the socialist countries.

29. Bulgaria considered industrialization extremely important and particularly welcomed the establishment of UNOID which should be of help to every nation that needed it. In order to promote industrialization, the United Nations should play a direct role in capital investment activities.

30. One of the major obstacles to the solution of economic problems was the growing international tension. The military aggression in Viet-Nam, the mounting destruction of material and human resources and the neo-colonialist policy being followed by the United States forces were having an unfavourable impact on the world economy. At the same time, valuable resources which could be used to meet the urgent needs of economic and social development were being diverted for military purposes even in countries which were not directly involved in the war.

31. Mr. POLIT (Ecuador) observed that, in a world threatened with atomic warfare and ideological conflict, the United Nations was a parliament in which the world community could strive to secure the political and economic equality of nations and the elimination of privilege. In that parliament, the Second Committee played a decisive role, since the whole future of international relationships depended on solutions being found to the economic and financial problems with which it had to deal.

32. Recent months had witnessed a number of international meetings on economic and monetary problems, the results of which would be considered by the Second Committee. The most serious of those problems was the fluctuating and declining prices of primary commodities, which constituted the mainstay of the developing countries' exports. The resultant fall in foreign exchange earnings was being aggravated by stagnation in the flow of capital to developing countries. Moreover, the developing countries' burden of

interest and repayments had risen, in many cases, to as much as 20 per cent of their gross receipts in foreign exchange; in 1966, such payments would exceed the total amount received by almost all Latin American countries, including Ecuador, in new loans and disbursements. If the pre-war pattern were followed, that situation might lead to the repudiation of external debts.

33. The developing countries were also victims of a steady deterioration in the terms of trade, rendered even more serious by constant rises in the prices of their imports of manufactures. The lack of any machinery for regulating international trade and obviating such anomalies justified the assertion that the existing system was little more than the exploitation of the great majority by a minority of industrial countries. The remedies were known and the Committee should make it its duty to give its full support to them.

34. The frightening rate of population growth, concentrated as it was in the countries with the lowest per capita incomes, had inevitably led to the demand for programmes of population control. As matters stood, the poorer countries were having to allocate a growing proportion of their scarce resources to infra-structural and social amenities for their expanding populations, thus reducing investment in programmes of economic growth and depriving forthcoming generations of employment opportunities.

35. Inflationary trends in the richer countries were a matter of concern to the developing countries, since they affected not only the cost of development programmes but, through their impact on the stability of reserve currencies, the volume of potential external investment. There was little doubt that the remedy lay in finding some new method of increasing international liquidity which would obviate speculation in gold-backed currencies. Inflationary tendencies were, of course, exacerbated by the diversion of resources to armaments industries and the consequent pressure of demand for labour and capital goods.

36. The recommendations of UNCTAD and other bodies, which aimed at improving the climate of international co-operation, had gone largely unheeded. The developed countries, with few exceptions, still maintained discrimination against primary products, and the failure of the recent United Nations Cocoa Conference had shown how little understanding there was in some private sectors of the problems of countries producing those commodities.

37. The persistence of all those problems, despite the efforts of the international community to find ways of ending the division of the world into rich and poor countries, had given rise to disillusionment and cynicism in the developing countries. Only a sustained endeavour by all nations to improve the lot of those countries could dissipate that cynicism and give them renewed hopes of a brighter future.

38. The establishment of UNOID fulfilled a long-felt need of the developing countries. His delegation would welcome the appointment of the Commissioner for Industrial Development to the post of Executive Director of UNOID, if the Assembly so decided; if not, he suggested that it might be appropriate

to appoint a person from one of the smaller countries of Western Europe with the required industrial and administrative experience and a knowledge of the problems of the developing countries. His delegation was gratified by the offer of the Austrian Government to provide a site for the headquarters of UNOID at Vienna.

39. His Government took a keen interest in the World Food Programme. A recent document of the Food and Agriculture Organization of the United Nations had drawn attention to the enormous quantities of food-stuffs which were being wasted daily, not only in developed but also in developing countries. His country had an annual surplus of 40 million stems of bananas and he had suggested to the Executive Director of the World Food Programme that that surplus should be processed and distributed to areas where food shortages existed; Ecuador, unfortunately, had neither the resources nor the facilities to undertake the processing. He hoped that proposal would be fully investigated, and his Government was prepared to help in every possible way in implementing it.

Mr. Tell (Jordan) resumed the Chair.

40. Mr. Mohamed AL-ATRASH (Syria) said that the most important international economic problem was how to accelerate the growth rates of the developing countries. In their efforts to speed up their growth, the developing countries were hampered by the short-term problem of the decline in their export earnings and by the long-term problem of the slow growth in their exports coupled with the deterioration in their terms of trade.

41. There were two main causes for the long-term deterioration. The first was the slow growth in the demand of the advanced countries for the exports of the developing countries. That, in turn, was due to the low income-elasticity of demand of consumers in the advanced countries for agricultural commodities, the heavier restrictions in the advanced countries on the imports of primary commodities, the progressive substitution of synthetics for natural raw materials, the gradual transformation of the industrial structure in the advanced countries from light industry with high raw material inputs to heavy industry with low inputs of same, and the greater share of services in the gross national products of the advanced countries.

42. The second main cause of the deterioration in the terms of trade of the developing countries was their inability to adapt the structure of their exports to the slowly changing pattern of demand in the advanced countries. The short-term declines in the exports of the developing countries reduced their foreign exchange receipts and thus prevented them from maintaining the steady flow of imports necessary for their economic development. Nor could they afford the long-term loss in purchasing power of their exports in terms of imports.

43. In recommendation A.II.1, adopted without dissent at the first session of UNCTAD,^{1/} and which aimed

^{1/} See *Proceedings of the United Nations Conference on Trade and Development*, vol. I: *Final Act and Report* (United Nations publication, Sales No.: 64.II.B.11).

at partially offsetting the short-term decline in the exports of developing countries, the extension of the scope of commodity agreements was put forward. Unfortunately, however, there had been no progress in that direction. The Conference also adopted recommendation A.III.17 which invited the members of the International Monetary Fund to study the possibility of raising the Fund's compensatory finance facility from 25 per cent to 50 per cent of a member's quota. It had taken the Fund more than two years to reach agreement on that modest step; however, the proposal had been watered down by the provision that net drawings should not ordinarily exceed 25 per cent of a country's quota in any one year.

44. It was generally agreed that at present there was no general shortage of international liquidity. Such a shortage, however, might develop in the future since the main source of liquidity for other countries in the past, namely, the deficit in the United States balance of payments, might cease to exist. Hence, ways and means must be found to prevent a possible shortage. His delegation opposed the collective reserve unit scheme aimed at increasing directly the owned reserves of a limited group of countries and preferred the scheme proposed by the UNCTAD Group of Experts^{2/} which was much fairer and more universal in scope.

45. Little progress had been made in opening up the markets of the developed countries to goods from the developing countries. Even if the latter countries were to solve their short-term and long-term foreign trade problems, they would still require financial assistance to narrow the widening gap between them and the advanced countries. Hence, his delegation had supported the establishment of UNDP and the proposal for the early establishment of a capital development fund.

46. Economic development depended mainly on national efforts and there planning was of great importance. Needless to say, there was no single model for planning; every country must adapt its planning to its own needs. The pioneer of central planning, the Soviet Union, was widening the scope of economic incentives because, at the present stage of its economic development, it was giving increasing emphasis to the production of consumer goods. Planning was assuming greater proportions in Syria and the Government viewed with satisfaction the growing interest of the United Nations in that field. However, it would like to see more attention paid in the future to the following questions:

(a) To what extent in plan implementation should reliance be placed on price mechanisms and directives?

(b) To what extent was it possible to say that prices in developing countries reflected real scarcities of resources?

(c) What were the criteria for the allocation of investment funds?

(d) What growth strategy should be followed, balanced or unbalanced?

^{2/} See *International Monetary Issues and the Developing Countries* (United Nations publication, Sales No.: 66.II.D.2), para. 92.

47. One of the most important objectives of planning in many developing countries was industrialization. It was a means of accelerating growth rates by providing employment opportunities and diversifying exports. Convinced that the establishment of UNOID would considerably help the less developed countries in their efforts to industrialize, Syria had supported General Assembly resolution 2089 (XX) and also supported the draft resolution adopted by the Ad Hoc Committee on UNOID (A/6229, para. 11), although it would have preferred UNOID to be more universal in its membership.

48. In formulating plans for their development, the developing countries would always be faced with the problem of the extent to which they should rely on borrowing from central banks. However, borrowing from the monetary authority need not be inflationary if the rate of increase of borrowing was not allowed to exceed the expected rate of increase in the gross national product. Excessive borrowings would be inflationary.

49. Mr. PITHER (Gabon) said that, although Governments and international institutions were attaching increasing importance to the problems of economic development, very little progress had been made in diversifying the economies of developing countries, which were still largely agricultural. Gabon could not subscribe to the general view that the key to economic development lay in financial assistance from developed countries. While such assistance, in all its forms, was extremely valuable, it could not be regarded as anything more than a palliative, enabling the more fortunate developing countries to achieve accelerated growth rates and the less fortunate—the group to which Gabon belonged—to make up the economic backlog for which they had not been responsible.

50. Today, more than ever, an aid formula must be found which was not only compatible with the developing countries' vital needs and absorptive capacity but also free from political ties. It was regrettable that, even in the few cases where the assistance target of 1 per cent had been achieved, substantial gains had often accrued to the donor country, either through guarantees or through profits on goods manufactured from the primary products purchased from developing countries.

51. The economies of under-privileged countries were being strangled by their efforts to overcome the burden, not so much of debt as of debt servicing, which should be lightened as a matter of urgency. That burden was particularly heavy in certain areas. Although the obligation to pay interest rates

on external financial assistance could not be avoided, it could perhaps be considerably alleviated. Technicians in developing countries were sometimes called upon to undertake long and costly research in connexion with projects which were either postponed or abandoned. Under their investment codes, the developing countries often repaid capital loans very quickly by mortgaging their future. The very high salaries paid to technical assistance experts was a further heavy burden, affecting both donor and recipient.

52. Developing countries, too, had their responsibilities. They must ensure that the resources they received were used to implement projects with the highest priority in their development plans. International aid, both bilateral and multilateral, would be of little avail as long as nations sought merely prestige or ostentation. Gabon, for its part, was using the modest resources available to it to establish the infrastructure necessary for its economic progress, and important projects were included in its first five-year plan.

53. Even if financial aid were forthcoming to meet the developing countries' capacity to absorb a further \$4,000 million, the problem of financing economic development would not be solved. Real aid to the developing countries could only be effective if there was genuine co-operation between the developed and the developing countries in trying to avoid overproduction of primary products and in guaranteeing access of the developing countries' primary products to stable markets at remunerative prices, thereby increasing their foreign exchange earnings. In that connexion, the French Government deserved praise for having introduced and consistently defended the realistic, if imperfect, concept of organized markets.

54. Special attention should be given to reducing the burden of such invisibles as international transport costs and maritime insurance. A system for regulating freight rates, which were often increased unilaterally and unjustifiably, should also be set up by the Inter-Governmental Maritime Consultative Organization. The Gabonese delegation was confident that those and other questions affecting the balance of payments of developing countries would be realistically examined at the second session of UNCTAD.

55. Gabon welcomed the establishment of UNOID and hoped that it would co-operate closely with other United Nations agencies in affording greater and more effective assistance to developing countries.

The meeting rose at 12.55 p.m.

United Nations
**GENERAL
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TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1033rd
MEETING**

*Friday, 14 October 1966,
at 3 p.m.*

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

GENERAL STATEMENTS (continued)

1. Mr. GABDOU (Chad) said that his country's development was to a large extent dependent on its geographical situation. Not only had Chad no coastline, but the ports to which it had access were between 1,600 and 3,000 kilometres away from its territory. The problem of distance was aggravated by that of bulk-breaking (for lack of direct rail or river connexions) and that of periodic flooding, which cut off some areas of the country for several months of the year. Freight charges were therefore a heavy burden on Chad exports: in the case of cotton, they represented 10 per cent of the f.o.b. selling price and over 20 per cent of the purchase price to the producer, who was therefore paid at a much lower rate than in other countries. Moreover, the price paid to him had not changed since 1958, whereas his purchasing power had decreased by 30 per cent.

2. The Government had endeavoured to remedy that situation, at first by extending the areas under cultivation and later by limiting the growing areas while trying at the same time to improve yields. Those efforts had nevertheless been fruitless, for world prices had steadily declined. The Chad Government had also established a five-year plan, based on an average market price for cotton of 140 francs CFA, which would have made it possible to increase production and to achieve savings by ending subsidies. The price of cotton had, however, fallen to 137 francs and might decline to 127 or to 123 francs during the forthcoming season, whereas the price of manufactured goods was steadily rising. The organization of the cotton market at the world level should make it possible to bring the revenues of land-locked countries closer to those of other producing countries.

3. The same problems arose, of course, in the case of other products in many other developing countries. A solution in the form of organizing a regional market, as the States members of the Joint African and Malagasy Organization had done in the case of sugar, was not feasible in regions which were not consumers of their own products. Recourse must accordingly be had to the diversification of agriculture, but that required enormous amounts of capital, which the poor countries certainly did not have available, and was dependent to a great extent on the nature of the soils and the climate of the various regions.

4. The situation of the land-locked countries was further aggravated by the rise in the prices of manufactures and capital goods. The Chad delegation therefore believed it was speaking for all countries which were in a similar position when it asked that that situation should be taken into account in the general organization of the world economy which was being undertaken by the United Nations.

5. With regard to assistance to the developing countries, there was abundant proof that private capital investment in those countries was not reaching the desired level. In any event, it was the State which was responsible for establishing the infra-structure and for financing those large projects which, although not profitable in the short term, were necessary to set the economy in motion. The cost of such projects was much too high to be met from the domestic resources of the developing countries or by one developed country alone. The International Bank for Reconstruction and Development thus provided the only solution and should be reorganized in such a way as to genuinely serve all countries.

6. The increased cost of semi-manufactures and manufactures was inducing developing countries to seek to establish industries in all sectors in which they might be profitable. Profitability might be achieved by the creation of a regional market, and it was with that in mind that the Governments of Cameroon, the Central African Republic, the Congo (Brazzaville), Gabon and Chad had formed the Central African Customs and Economic Union, which provided for common customs regulations and the harmonization of investment regulations and fiscal systems. That arrangement would open up a market of nearly 12 million consumers and would provide common guarantees for foreign private and government capital. That example was worthy of imitation, and the United Nations should help the developing countries to form similar regional unions.

7. The United Nations Organization for Industrial Development (UNOID) would undoubtedly play a decisive role in the industrial development of the developing countries, and it must help them to provide training locally for the necessary skilled workers.

8. The United Nations capital development fund, which was to be established to assist the developing countries, and particularly the least fortunate among them, to establish the infra-structure essential for their industrialization, should be financed not only through voluntary contributions but also by levying a kind of world tax on developed countries proportionate to their economic potential, population and national income.

9. The tasks of the United Nations should be apportioned in a rational manner among the many problems to be solved. Technical assistance should be placed at the service of the countries in which it functioned, and its role should be primarily educational. As the assistance given to developing countries should be as free as possible from political implications, it should be furnished through the United Nations and the specialized agencies. The international trusts, which were trying to gain control of all the resources of the developing countries, were endangering world peace and hindering free trade. The United Nations Conference on Trade and Development (UNCTAD) should play a decisive part in that connexion through its efforts to reform existing trade patterns.

10. Dato' HARUN (Malaysia) said that the low level of food production, together with the high rate of population growth, was the most serious current problem in Asia. The level of per capita food production in the region of the Economic Commission for Asia and the Far East (ECAFE) was lower than it had been before the war, and unless vigorous and rapid measures were taken, the region was threatened with a famine in comparison with which all other international problems would appear slight.

11. It would be regrettable if enthusiasm for rapid industrialization caused the development of agriculture to be neglected. Malaysia's development plan accordingly attached great importance to that sector and particularly to its development in a scientific and modern way. The Government estimated that in 1980 it would need 1,150 agricultural scientists; 5,259 sub-professional personnel and 14,650 operative personnel, whereas the training programme for the forthcoming five years made provision for training only 230 of the first, 520 of the second and 1,500 of the third. Malaysia was therefore in dire need of external assistance in that sphere.

12. The Malaysian Government was, however, fully aware of the need to industrialize its economy, which had for too long relied on rubber production—currently facing formidable competition from synthetics and stock-pile releases—and on tin, the deposits of which were nearing exhaustion. Its development plan therefore incorporated a scheme to promote the manufacture of new exports and of products to replace imports. Nevertheless, industry could not develop unless it was assured of markets. The Malaysian delegation was thus grateful to Australia for its initiative in granting the developing countries non-reciprocal preferences, and it hoped that other developed countries would shortly follow that example. It wished, however, to emphasize that the developing countries' goods would have to be both cheaper than and as good a quality as the developed countries' products. The importance of quality control could not therefore be over-stressed.

13. In industry, as in agriculture, Malaysia was short of skilled manpower, a fact which prevented it, and all poor countries, from taking advantage of scientific discoveries and technical advances. Although it left the production of new exports and of import substitutes in the hands of private undertakings, the Malaysian Government was prepared to support them through a

wide-ranging programme of education, training, research and infra-structure provision.

14. Apart from the burden of debt-servicing, it was a fact that a large proportion of public investment of developing countries went into sectors like education and infra-structure building which did not yield immediate returns, so that, with the alarming rate of population growth, it was not surprising that the standard of living was not rising.

15. Regional co-operation was, as the chairman of his delegation had said in the 1416th plenary meeting, the logical starting point for international co-operation. The efforts made to that end in the ECAFE region, with the assistance of the regional Commission, had yielded results. The Asian Development Bank, which was to open in the Philippines in the near future and had a capital of \$1,000 million, 60 per cent of which had been subscribed by twenty-three Asian countries, would have \$80 million available in convertible currencies at the start. That body would undoubtedly help to accelerate the implementation of development projects in the region, and it was to be hoped that the International Bank, other United Nations agencies and all the Governments would work in close co-operation with it in view of the special provision in its charter permitting it to accept funds for special projects and programmes. The Association of South-East Asia, whose members were the Philippines, Thailand and Malaysia, had resumed its activities with special emphasis on transport, trade liberalization, and technical co-operation and research.

16. The inadequacy of financing was probably the biggest obstacle to economic development. One of the reasons for that might be the tendency of developed countries, and invariably of their public opinion, to regard external assistance as charity. The United Nations did not have enough funds to undertake a publicity campaign directed at correcting that mistaken idea, but the Member States, and particularly the more fortunate among them, could easily undertake that task.

17. In conclusion, he pointed out that the words of the first General Assembly resolution on economic aid (resolution 52 (I)), which recognized the importance of balanced development for the peace and prosperity of the world, were still applicable after twenty years. The balance of power and of ideologies was not enough to ensure world peace and security, there also had to be a balance of wealth.

18. Mr. David WILLIAMS (Sierra Leone) said that the growing gap between developed and developing countries was a matter of general concern. In the developing countries, where two thirds of the world's population lived, the per capita income was often less than \$136, whereas it ranged from \$1,033 to \$2,845 in the developed countries. In addition, food production, housing and health facilities posed grave social problems. The history of the developed countries themselves proved that the gap could be narrowed, but for that to happen the developed countries must genuinely desire it. All State Members of the United Nations should accordingly seek to promote scientific and technological development in the developing coun-

tries to improve the terms of trade of those countries and to channel more capital to them.

19. The developing countries continued to face a disequilibrium in their balance of payments owing to the instability in the world market, controlled entirely by the developed countries, of the prices of the raw materials they produced. In that connexion, his delegation endorsed the measures proposed to the Trade and Development Board by thirty-one developing countries,^{1/} and it hoped that the developed countries would give them their consideration. His delegation was extremely disappointed at the failure of the recent United Nations Cocoa Conference and of the United Nations Sugar Conference. The attempt within the developed market economies to stimulate uneconomic domestic agricultural products and competing products deprived developing countries of a fair share of world markets in those commodities and aroused misgivings about the real intentions of the developed countries. Moreover, since financial assistance from the developed to the developing countries was diminishing, the negotiation of fair prices for the primary commodities of the developing countries might be a better means of ensuring to the developing countries the financial resources they needed.

20. Another cause for disquiet was the continuous increase in the interest rate of loans granted by developed countries and international institutions. The International Bank, for example, had raised its rate by half a per cent, bringing it to 6 per cent. His delegation hoped that no further increase would occur, in the interests both of that United Nations specialized agency and of indebted Member States.

21. Since primary commodities no longer permitted them to obtain all the foreign exchange they needed for development, the developing countries were turning to other potential areas of development, particularly tourism. His Government was endeavouring to turn to account the natural beauty of Sierra Leone. To that end it had set up, within the Ministry of Trade and Industry, a Board of Hotels and Tourism which had already taken measures to protect scenic areas and to develop folkcrafts and hotel facilities. It was also modernizing domestic and international transport and communication by air, road and rail, but for that effort to succeed, Sierra Leone required funds, publicity and international co-operation.

22. Population growth at a rate faster than that of food production was creating a situation whose repercussions were felt particularly by the developing countries; they had been compelled to take vigorous action to expand cultivable lands in order to produce not only food, but also a larger volume of the cash crops on which their economies so heavily depended. That was a difficult task the successful completion of which required time and would depend on land-tenure reforms.

23. Moreover, such natural phenomena as soil infertility, leaching in tropical areas, the vagaries of rainfall and drought, interfered with the efforts of developing countries to increase their agricultural output. Some tropical crops impoverished the soil

and deforestation and mechanization were also not without their disadvantages. Nevertheless, if the developing countries exploited their abundant raw materials, they would no longer need to use precious development funds for the importation of fertilizers.

24. The annual report of the Food and Agriculture Organization of the United Nations^{2/} indicated that food output in 1965-1966 had been no larger than in the preceding year and that per person production had fallen by 2 per cent on the average and, in the developing regions of Africa, Latin America and the Far East, by 4 to 5 per cent, or to the 1957-1958 level. Rice, for example, which was the staple food of the greater part of the world's people, had been steadily declining in yield since 1950, and the prospects were alarming. His delegation therefore fully endorsed the measures taken to ensure a flow of surplus food from the more fortunate countries, such as the United States and Canada, to the areas of need. It appealed to all countries able to do so to participate in that effort.

25. His delegation endorsed the merger of the Special Fund and the Expanded Programme of Technical Assistance in the United Nations Development Programme (UNDP) and was convinced that it would serve to eliminate duplication and the wastage of funds. The report of the pilot evaluation projects in Thailand, Chile, Pakistan and Tunisia would no doubt confirm the wisdom of that decision.

26. His delegation would like to see UNOID co-operate with the International Labour Organisation (ILO) to remove any overlapping, particularly in matters of training and the rational utilization of resources and experience. Industrialization in the developing countries would bring with it inevitable problems of social readjustment and vocational training, and his delegation accordingly hoped that the Second Committee would unanimously endorse a recommendation concerning the role that the ILO should play in the industrialization of developing

27. Mr. OUEDRAOGO (Upper Volta) said that the world economic situation was extremely disquieting. While the most highly industrialized countries were generally undergoing expansion based on ever-increasing demand, the under-developed countries, which during the 1950's had been net exporters of grains, had become importers of those same products and were in some cases beginning to suffer food shortages.

28. In addition, primary commodity prices continued to fall, thus further aggravating the indebtedness of the under-developed countries—a problem which unless resolved could jeopardize the entire economic development of those countries. That deterioration was occurring at a time when international development assistance was slowing down, when loans with the burdens they created were taking the lead over grants, and when the under-developed world, with its growing awareness of economic problems, was making vast efforts to break the vicious circle of under-development. Apart from the dialogue initiated between the industrial and the developing countries at the United

^{1/} See document TD/B/108.

^{2/} The State of Food and Agriculture, 1966, Rome, 1966 (FAO/CL47/2).

Nations Conference on Trade and Development, it might be useful to lay more stress on the regional and sub-regional efforts of the Economic and Social Council to find practical solutions to the problem of economic development.

29. He welcomed the forthcoming establishment of UNOID and hoped that it would be set up as an autonomous organization responsible for promoting, rationalizing and co-ordinating all the activities of the United Nations specialized agencies and other international organizations in the industrial development field. In that connexion, the draft working agreement between the United Nations and the United International Bureaux for the Protection of Intellectual Property offered an opportunity for the increased collaboration of specialized organizations. It would also be useful for UNOID to work in liaison with the representative regional offices of the developing countries.

30. Upper Volta attached great importance to the United Nations Institute for Training and Research; its contributions to the development of human resources would have an even more valuable impact on the advancement of the developing countries than the mobilization of financial and technical resources, provided that it brought its research work to bear on legislation and institutions and the problems of technology and management. Those were the matters of prime concern to the countries of the Third World. The Institute should also make the results of its work widely known in those countries.

31. The development of tourism, which could provide large foreign exchange resources for the developing countries, required expensive infra-structures beyond the means of the small countries. Regional measures, such as those taken by the five countries of the Conseil de l'Entente, with the support of the French Aid and Co-operation Fund, should be considered.

32. In view of the nature of Upper Volta's economy (a population of 4.5 million, predominance of the rural sector with few agricultural and mining resources, insufficient income, poor integration of the various sectors, lack of outlets to the sea), his Government had directed its efforts towards rural development, which was the substructure of the country's economy. It was trying to raise the living standard of the rural masses, who made up 90 per cent of the population, by increasing production and productivity. Trade and industry, infra-structure and management, would be grafted on to the expanding rural sector, on which they would be to a large extent dependent. Upper Volta intended to devote special attention to education and training, which were essential conditions of economic development. It was at present devoting 16 per cent of its budget to academic instruction and was also turning its attention to rural education, which would give practical training to pupils from 12 to 14 years of age who had not been able to follow the academic instruction. To that end it had received technical assistance from France and various specialized agencies. The Upper Volta Government was also considering the establishment of a vocational training centre and a technical, industrial and economic secondary school, to train the qualified manpower essential to the development of an industry closely linked with the other sectors of the national economy.

The investments code promulgated in 1962 might be mentioned among the measures for facilitating the birth of a national industry.

33. Mr. OMEISH (Libya) thought that, despite progress in some sectors, the pace of economic and social development in the first half of the United Nations Development Decade had been disappointingly slow. In particular, scarcely any progress had been made in carrying out the recommendations of UNCTAD,^{3/} and it had not been possible to reach a general agreement on the principles which should govern international trade relations and trade policies. It was time for some countries to reconsider their positions. New approaches had to be adopted towards trade and economic relations between all countries, since social and political development was occurring almost everywhere. It was even more necessary now than hitherto for countries to accustom themselves to the new approach that should be adopted in international relations. The developed and developing countries were in duty bound to work together diligently and in a spirit of mutual understanding towards the solution of the problems created by social and economic development in all countries, and towards a consensus on a set of balanced and coherent principles which would constitute a kind of international code of behaviour in the matter of trade and development. Foreign aid should no longer be regarded by the donor countries as charity and by the recipient countries as a permanent and definitive solution to their problems; the attitude of the public and the appropriate authorities in those countries should be consistent with Article 1, paragraph 3, of the United Nations Charter.

34. According to the Annual Report of the International Bank for Reconstruction and Development and the International Development Association,^{4/} the industrial countries, which were enjoying unprecedented prosperity, in many cases had not kept their promise to step up aid to the poor countries. Although production and income in the less developed countries had doubled, their rate of economic growth had slackened during the second post-war decade. According to part I of the World Economic Survey, 1965^{5/} a large proportion of their foreign exchange receipts had been absorbed by the increasing growth of the external debt, which had also raised problems for the lending countries. Owing to the balance of payments problems of some capital-exporting countries, the number of loans tied to supplies from the lending country had increased, thus making the effective use of foreign credit more difficult.

35. Technical assistance experts appointed to the developing countries should be chosen with an eye to their ability to train their national counterparts.

36. His delegation realized the grave effect of population pressure on economic and social progress.

^{3/} See Proceedings of the United Nations Conference on Trade and Development, vol. I: Final Act and Report (United Nations publication, Sales No.: 64.II.B.11).

^{4/} Annual Report, 1964-1965 (Washington, D.C.), and supplementary information for the period from 1 July to 31 December 1965. Transmitted to members of the Economic and Social Council by notes of the Secretary-General (E/4129 and E/4129/Add.1-E/4130/Add.1).

^{5/} United Nations publication, Sales No.: 66.II.C.1.

It considered, however, that careful study should be given to the problems facing certain under-populated countries, such as Libya, where the prime concern was to develop the uncultivated areas.

37. Inadequately developed and unutilized human resources—the legacy of a past of colonial exploitation—were the main cause of under-development. In that regard, he reminded the Committee of the provisions of Economic and Social Council resolution 1090 A (XXXIX) and General Assembly resolution 2083 (XX). The invitation to the specialized agencies, the International Atomic Energy Agency and the United Nations Institute for Training and Research to take part in the Economic and Social Council's consideration of the question at its forty-third session was particularly opportune. Such participation would contribute towards a fuller realization of the problems of developing countries, and enable them to make use of the agencies' experience in vocational training.

38. The Australian representative had rightly recalled the criticisms to which his country had been subjected when forty or so years earlier it had embarked on the path of industrialization, in spite of the advice of those who had recommended that it should concentrate on agriculture and the production of raw materials and import the industrial products it needed from the developed countries. The story was no less topical today. Diversification of the economy through industrialization was not merely a question of national pride. Despite the difficulties inevitably involved in its initial phase, industrialization would enable the developing countries to acquire the experience they needed and to benefit from the advancement of science and technology. His delegation attached great importance to the work of the Advisory Committee on the Application of Science and Technology to Development and it endorsed Economic and Social Council resolution 1083 (XXXIX) on that subject.

39. Oil discovery had drastically transformed Libya's economy. Libya's per capita income had increased tenfold since 1952, from £L14 to £L140. However, to some extent in terms of its standard of living, and certainly, in terms of its level of health and education, Libya was still an under-developed country.

40. The Libyan Government was aware of its heavy responsibilities, and 70 per cent of the oil income was devoted to economic and social development. One hundred and sixty-nine million Libyan pounds had been earmarked for development purposes under the present five-year plan (1963-1968). Of that sum, £L67 million had been allocated to public works and agricul-

ture, £L27 million to communications and £L22 million to education. Development expenditure was met entirely from Government revenue and the plan made no provision for external financial aid.

41. Although the oil industry employed only a limited labour force, the spectacular increase in the income of the other sectors as a result of its establishment had imposed severe stresses on the economy. The growth rate in trade, industry, transport and other services had been extremely high in comparison with that in the other African countries. The Libyan Government was determined to escape the difficulties that had confronted other oil-rich regions and had decided to devote the oil income to raising the living standard of the whole population. The trade sector had also undergone very rapid expansion. It had had to adapt itself at the end of the fifties to the sudden flow of machinery and equipment for the oil industry and a massive increase in imports of consumer goods, followed in the early sixties by the flow of capital goods, within the framework of the national development programmes. Total imports, which had amounted to £L11 million in 1954, had reached the peak value of £L104 million in 1964. Port facilities, transport and the services sector had also expanded very rapidly, although some bottle-necks had appeared. The industrial sector also had benefited from the steady rate of oil exploration. Dozens of maintenance and repair workshops had been set up. Promising advances had also been made in the sectors of food-processing, building materials, construction and public works and chemical industries. Maintenance of the exceptional industrial growth rate (12 per cent annually) depended, however, on eliminating the acute shortage of skilled and highly skilled manpower.

42. Agricultural production, which was highly dependent on weather conditions, had not shown any significant fluctuations. The decline in agricultural exports was not, incidentally, a very reliable index, since it was mainly due to an increase in domestic demand. The industrial expansion had caused a large-scale rural exodus, and the maintenance of the same average agricultural production reflected, in the circumstances, an increase in labour productivity.

43. In conclusion, he would like to stress the importance his country attached to recommendation A.IV.2 of UNCTAD, concerning the trade needs of developing countries whose exports were mainly composed of non-renewable natural products.

The meeting rose at 4.40 p.m.

United Nations
**GENERAL
ASSEMBLY**

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1034th
MEETING**

Monday, 17 October 1966,
at 10.35 a.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

GENERAL STATEMENTS (*continued*)

1. Mr. KOMIVES (Hungary) said that the general statements had focused attention on a number of regrettable facts. The objectives of the United Nations Development Decade had not been achieved, the gap between developed and developing countries had widened, and a new situation had arisen in international trade. Various proposals had been advanced for solving the increasingly serious problems of the developing countries, and in particular suggestions had been made regarding the role to be played by the United Nations family of organizations.

2. His delegation, like many others, thought that the United Nations, which had helped the colonial countries to obtain their national independence, should also help them to achieve economic independence, particularly by industrializing, diversifying their economies, modernizing their agriculture and raising their standards of living in general.

3. No one could any longer deny the necessity for industrialization in the developing countries; but there were considerable differences of opinion on the desirable rate of development, and on the question whether preference should be given to the private or the public sector, heavy or light industries, export-creating or import-reducing products, and labour-intensive or capital-intensive sectors. Every country should rely upon its own potentialities, but should also take into account external factors such as the rapid advance in science and technology. Many arguments could be advanced in favour of labour-intensive industrialization, but that kind of development only had a limited role to play. If too much importance were attached to it, underdevelopment in the countries concerned might be perpetuated. On the other hand, industrialization based on scientific and technical progress called for considerable capital expenditure and large markets, and for that reason alone regional economic co-operation—of the kind which already existed between the socialist countries in the Council for Mutual Economic Assistance, and which should be encouraged between the developing countries—was particularly valuable. The United Nations Organization for Industrial Development (UNOID), which was to be established during the present session, should provide effective assistance in the industrialization of the developing countries

and should encourage international co-operation to that end.

4. In the developing countries, and even in some of the highly developed market-economy countries, planning was coming more and more to be recognized as the principal method of ensuring intensive utilization of the resources available for development. It was not an inflexible method, and it should be adapted to the new conditions created by development. In 1965, Hungary had completed its second five-year plan, in the course of which industrial production had increased by 47 per cent and agricultural production by 10 per cent; and it was now developing a new method of economic planning which, though based on public ownership of the means of production, would link the central planning machinery more closely with the active role of the market and would give more play to commodity-money relationships. The reform was designed to strengthen the socialist system and raise the standard of living of the population.

5. His delegation welcomed United Nations planning activities and hoped that the Committee for Development Planning would provide further assistance to the developing countries on planning problems. His country was still ready to share its experience in that matter with the developing countries.

6. Permanent sovereignty over natural resources was a fundamental element of economic independence, and every country had an inalienable right to dispose freely of its natural resources in the interests of its national advancement and the well-being of its people. His delegation supported the text of the draft resolution on that subject which had been presented to the twentieth session by Poland and other countries and which would be reconsidered at the present session.

7. During the first half of the Development Decade, the situation of the developing countries had deteriorated, which was also reflected in the fact that their share of world exports had fallen from 23.2 per cent in 1963 to 21.8 per cent in 1965.

8. Another important factor in the deterioration of the foreign trade of the developing countries was—as the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD) had pointed out—the virtual disappearance of the import surplus which had characterized their commodity trade balance since the Second World War, and which represented a net transfer of tangible resources to the developing countries and enabled them to grow faster than the import capacity of export receipts alone would have permitted. That new development marked the end of a process that had lasted for two decades and affected two thirds of the world's population and one fifth of

the volume of foreign trade. It could be regarded as a fundamental change and should be recognized as such by the international community, if the latter were to devise an effective solution to the problems arising from the new situation.

9. That situation was due mainly to the various factors hampering the trade activities of the developing countries, such as the worsening of the terms of trade, discriminatory measures and the instability in the international monetary and financial situation. Many of the developed Western countries were applying discriminatory measures to other countries, as well as the developing countries. His own country, for instance, was feeling the effects of quantitative restrictions, discriminatory tariffs, restrictive credit terms and special administrative measures, and particularly of the European Economic Community's discriminatory tariff system. Furthermore, some Western countries were trying to solve the general problems of international trade and payments without the participation of all the States concerned. Activities of that kind were at variance with the recommendations and principles of UNCTAD, which should be carried out by all States.

10. The Hungarian People's Republic had applied the UNCTAD recommendations in its trade with the developing countries, which had expanded rapidly between 1960 and 1965. It had increased its imports of manufactured and semi-manufactured goods from the developing countries, whose share in Hungary's foreign trade had risen considerably. Hungary was also anxious to develop its trade with countries having different social and economic systems, provided that the intentions of those countries were equally sincere. In that respect, the steps taken by certain Western countries in a relatively narrow field could be considered as a positive sign, and it was to be hoped that they would soon be followed by the abolition of all restrictions.

11. His delegation attached great importance to the second session of UNCTAD, and expected it to take concerted action to carry out the recommendations and principles of the Conference with a view to normalizing and promoting international trade.

12. One of the most striking features of the present world economic situation was the slackening of the net inflow of capital into the developing countries, at a time when those countries were facing the increasing burden of debt services in addition to the dividends and profits which they had to pay on direct foreign investments. An article in *The Economist* had stated that the developing countries were paying \$3,500 million a year for the servicing of their external public debt, and twice that sum when private commitments were included. The poorest among them were now repaying more in interest and principal on loans from the International Bank for Reconstruction and Development than they were receiving from it in new loans. The United Nations should, therefore, take urgent measures to deal with that situation, and should agree at last to accede to the wishes of the overwhelming majority of Member States by setting up a United Nations capital development fund.

13. In conclusion, the United States aggression in Viet-Nam was slowing down the flow of external resources to the developing countries and tending to increase military expenditure by other countries. A suspension of those activities at the earliest possible moment would have a favourable effect on the world economic situation and on the development of international economic co-operation.

14. Mr. VISESSURAKARN (Thailand) would first like to reaffirm his delegation's faith in the United Nations as an instrument for peaceful progress in the world. Twenty-one years after the adoption of the United Nations Charter, the question of war and peace was still an issue and the contrast between the purposes and principles set forth in the Charter and the reality could not be denied. Nevertheless, peace and the social and economic well-being of all peoples could be achieved if all of them were determined to achieve those ends. It was, of course, regrettable that after more than five years the modest targets of the United Nations Development Decade had still not been attained, but, in spite of that disappointment, the developing countries must exercise patience and redouble their efforts to mobilize their natural and human resources, while at the same time urging the developed countries to provide 1 per cent of their national income for development assistance. In that matter, his delegation was against dividing the world into rich and poor countries, since that led to the mistaken idea that the former were offering humanitarian assistance to the latter, when in fact what was involved was reconstruction of the world economy in the interests of all countries.

15. While Thailand hoped for an increase in the flow of foreign capital for development, it was determined to mobilize its own resources under a carefully planned programme. It was a predominantly agricultural country (80 per cent of the population were farmers, most of whom owned their land) and it therefore depended to a large extent on exports of rice and rubber, together with a few other primary commodities, for its foreign currency earnings. Many of the targets set for its first six-year plan had been surpassed in five years and its gross national product was increasing at the rate of 7 per cent a year. Exports of rice and rubber, however, accounted for more than half its export earnings and the problem of fluctuations in the prices of those products was further complicated by the rapid growth of the population, which threatened to reduce the rice exports. Thailand must therefore increase its efforts to improve the situation of the great majority of its inhabitants, and the five-year plan which was to follow the six-year plan strongly emphasized the development of agriculture as well as the development of transport, irrigation, education, power and industry.

16. The diversity of conditions in the developing countries, which could not be emphasized too strongly, made it impossible to use the same approach in all cases. The United Nations and the specialized agencies should therefore increase their activities in areas where they could be most effective; his delegation was strongly in favour of any measure aimed at establishing a United Nations capital development fund.

17. His delegation also attached the greatest importance to the execution of UNCTAD's recommendations and regretted that the first session of the Conference had resulted in no substantial progress in the foreign trade situation of the developing countries, which still showed a deficit. The problem of shipping was a major barrier to the export trade of Thailand and of other developing countries, and it was to be hoped that the second session of the Conference would promote closer co-operation between the developed countries and the developing countries so that more substantive results could be achieved.

18. As everybody knew, industrialization was a means to economic development and United Nations activities in industrial development would prove most effective if they were co-ordinated. He therefore welcomed the forthcoming establishment of UNOID, in whose activities the Thai Government was prepared to take an active part. It was to be hoped that UNOID would obtain more than sufficient funds for operational activities and that it would be able to identify and remove the obstacles to industrial growth in the developing countries.

19. In order to accelerate its rate of industrial development, Thailand was endeavouring, on the one hand, to reinforce the confidence of businessmen in the future market by giving them a constructive role in the formulation of national policies which affected them; on the other hand, it was endeavouring to create a favourable climate for investment by introducing tax and customs concessions for private investors and by trying to maintain the country's political and financial stability. While Thailand did not think that it should try to become industrialized at too high a cost, it had decided to develop industries which could utilize its resources most effectively.

20. Population growth was a pressing problem in Thailand, as in many other developing countries, since it necessarily slowed down the pace of economic development. His delegation welcomed the sustained efforts of the United Nations and the specialized agencies in that respect, since the trend towards a population explosion in the developing countries might have tragic consequences on a world-wide scale if it was not arrested before it was too late.

Mr. Reisch (Austria) Rapporteur, took the Chair.

21. Mr. WONG (China) recalled that, according to the annual report of the Food and Agriculture Organization of the United Nations (FAO),^{1/} total food production in the developing regions of Africa, Latin America and the Far East was estimated to have fallen by 2 per cent and per capita production by 4 to 5 per cent. The situation as revealed in the third world food survey of FAO^{2/} had therefore not improved and, despite the immense quantities of cereals transferred to those regions by some industrial countries, 10 to 15 per cent of the world population was still undernourished. The minimum target of development was to produce enough food to feed every human being. Admittedly, agriculture remained vulnerable to the hazards

of climate. Nevertheless, improvements in irrigation and drainage facilities, prevention of soil erosion and the like could reduce the extent of the damage caused by natural disasters. Incentives to farmers were the most important factor in agricultural development. Agrarian reform aimed essentially at abolishing the high rents paid by farmers, bringing fallow land under cultivation, and letting farmers buy the land they tilled on the best terms was the best incentive. Next in importance was gradual elimination of out-dated prejudices and concepts that hindered the application of modern technology. Only after those two prerequisites had been met would it be possible to fully utilize existing financial resources and technical knowledge in order to increase food production.

22. As a result of the land reform initiated in 1953 in Taiwan, more than two thirds of the farmers owned the land they cultivated in 1963 and rice production had consequently increased by more than 100 per cent. The reform had been accompanied by various technological improvements, including the development of new varieties of seeds, crop rotation, use of chemical fertilizers, development of new water resources and so on and that had made it possible to obtain the highest yield per hectare in the world. In order to stimulate agricultural production, Governments could adopt other measures connected with prices, subsidies and credits. It was important, however, not to distort the economy by failing to keep domestic prices in line with world prices or by subsidizing inefficiency. The need for more food was naturally linked to population growth. In Taiwan, where family planning programmes had been carried out by private associations, the population growth rate had fallen from more than 3.6 per cent in 1955 to 2.7 per cent in 1965 and it was expected to drop still further in subsequent years.

23. Turning to the question of the flow of capital to the developing countries, he pointed out that the amount of assistance provided by the developed countries to the developing regions in 1965 represented only 0.5 per cent of their gross national product. The countries of the developing areas needed capital in order to increase their agricultural production, buy and manufacture fertilizers, carry out irrigation projects, and so on. In order to increase their export earnings, they must diversify their economies and promote export-oriented industries. It would be vain to hope that they could achieve political stability if adequate foreign resources were not made available to them. Economic chaos resulted not only in political and social turmoil in the countries directly concerned, but also adversely affected the security of neighbouring countries. It should henceforth be left to the high-income countries to agree on what measures they should take to assist countries which needed their help. In that connexion, his delegation fully endorsed the provisions of Economic and Social Council resolution 1183 (XLI).

24. On the question of international trade, the combined export earnings of the developing countries had increased by merely 6 per cent in 1964-1965, and their imports increased only about 5 per cent, while the combined imports and exports of the developed market economy countries showed an increase of between 9 and 10 per cent. In Asia and Africa, the

^{1/} The State of Food and Agriculture, 1966, Rome, 1966 (FAO/CL 47/2).

^{2/} Freedom for Hunger Campaign, Basic Study No. 11: Third World Food Survey.

prices of staple exports such as tea, jute, rubber, petroleum and iron ore had dropped from 2 to 9 per cent, while the price of cocoa had fallen by almost 40 per cent. The price of sugar remained very low, well below the cost of production. Expansion in the production of substitute products made it more difficult for primary products to gain access to the markets of the industrialized countries. At the same time, the prices of capital goods exported by the latter had continued to increase. The share of the developing countries in exports of manufactured goods had been less than 5 per cent in 1964. Many developed countries were still adopting protective measures in the form of tariff barriers or quantitative restrictions which made their markets inaccessible to the manufactured products of the developing countries. The negotiation of commodity agreements were the best hope of ameliorating the situation. He hoped that the International Bank's study on supplementary financial measures^{3/} would lead to an early translation of UNCTAD's recommendations into practical action. The Kennedy Round faced a doubtful future. The initiative taken by the Australian Government in that connexion in extending preferences to developing countries without calling for reciprocal action and without confining the treatment to the membership of the General Agreement on Tariffs and Trade was welcome.

25. As regards regional co-operation, his delegation was happy to note the progress made in the Economic Commission for Asia and the Far East (ECAFE) region. The Asian Institute for Economic Development and Planning had intensified its training and research activities. The Asian Highway and the Mekong Committee projects were making good progress. After years of preparation, the Asian International Trade Fair would be held at Bangkok in 1966. The recent establishment of the Asian Development Bank, to whose authorized capital the Chinese Government had subscribed \$16 million, was a great contribution to the region's economic growth. The Bank would help member States in the co-ordination of their development policies and in the more rational allocation of their resources. The recent establishment by ECAFE of the Asian Industrial Development Council would, he hoped, enable member States to achieve better co-ordination of their industrial development projects, plans and policies. Again, the setting up by nine countries of the Asian Pacific Council, in which China had membership, would certainly have a far-reaching impact in strengthening co-operation and stability in the region.

26. His delegation was convinced of the need to increase agricultural production as the first step in economic development, but without losing sight of the importance of industrialization in creating new jobs and increasing national income. In the earlier stages of industrial development, emphasis should be placed on light industry, because a rapid rise in farm production increased the farmers' purchasing power. Government policy should especially help labour-intensive projects. After the consolidation of the

agricultural base and the building up of a sound infrastructure, a shift could gradually be made towards the heavier industries. As a matter of practical policy rather than of doctrine, private enterprise should be encouraged in industry. Industry in Taiwan had grown by 12.9 per cent annually over the past fifteen years and the share of private enterprise during that period had risen from 42 per cent to 67 per cent.

27. After referring to the constructive role played by the Centre for Industrial Development, he welcomed the forthcoming establishment of UNOID and hoped that the International Symposium on Industrial Development scheduled for 1967 would afford a further opportunity for exchanging information and experiences. In conclusion, he spoke of the technical assistance offered by his Government to many countries in Asia, Africa and Latin America, particularly for agricultural development.

28. Mr. SOLOMON (Trinidad and Tobago) said that the statements of the speakers who had preceded him reflected the deep concern over the shortcomings of the first half of the Development Decade. In that connexion three aspects appeared to be of the deepest significance.

29. First, there was the high cost of the assistance received by the developing countries: the burden of debt repayment for some countries was so crippling that they could no longer afford to seek the external capital essential for their development and, in some cases, there was even a net reverse flow of capital. Because of inflationary conditions in the main centres of world capital, developing countries were expected to pay rates of interest that bore no relation either to their economic situation or to the long-term aims for which the capital was sought. One reason for those inflated rates was heavy defence expenditure, and perhaps, as Iran had shown, peace and freedom could be more securely obtained by allocating even a modest part of that expenditure to development.

30. Developing countries were faced not only with excessive interest rates, but also with stagnation and even a reduction in the quantum of assistance. The pretext was that the resources already made available were not being utilized with maximum effectiveness. In order to eliminate that hesitance, the problem must be examined honestly. Thanks to the activities of the United Nations family, development, so hazy a concept twenty-one years before, had moved out of the phase of research into that of implementation. The lesson had been learned that the process of development was infinitely complex, requiring the simultaneous consideration of numerous factors and the simultaneous application of many disciplines. Assistance, to be effective, must also be tailored to the specific needs and priorities of individual countries. Lastly, the resources available would not, in the foreseeable future, be equal to needs. Accordingly, efforts must be concentrated on eliminating waste of financial and human resources. Hence it was absolutely essential, although not easy, to examine the performance of international aid-giving machinery objectively, before proceeding to the implementation phase, on the basis of the following three criteria. To what extent did the machinery provide for a swift response to specific problems? To what extent was it capable of a flexible

^{3/} Supplementary Financial Measures, A Study Requested by the United Nations Conference on Trade and Development, 1964 (Washington, D.C.). Transmitted to members of the Economic and Social Council by a note of the Secretary-General of UNCTAD (TD/B/43).

response to the nationally determined needs of individual countries? To what extent did it place an unnecessary burden on the administrative and financial resources of the recipient country?

31. He then passed to his second theme: the dangers of partial development. It had been recognized that development was a continuing process rather than a fixed goal and that each stage of the process introduced its own inescapable compulsions. He cited as an example the case of Trinidad and Tobago in which illiteracy was not a problem but where the unemployment rate was 14 per cent and the people's expectations made economic diversification and rapid industrialization an absolute necessity. The essential infra-structure was already in existence and a beginning had been made with the establishment of light and medium industry, but the problem of external markets arose at the earliest stage of planning. His country could therefore be regarded as a laboratory for the quest to find practical solutions to the problems of industrialization. His delegation therefore welcomed with enthusiasm the establishment of UNOID, whose work should be eminently imaginative and dynamic and directed towards adapting existing technologies to the conditions prevailing in the developing countries, where the capital labour position was very different from that in the industrialized countries,

and towards a search for new uses for the raw materials of the developing countries which could not hope to compete in the settled markets for well-established products. If it would be of benefit to UNOID to be in close proximity to the problems of industrialization and the efforts to solve them, while remaining within easy access of industrialized centres, his Government would welcome the establishment of its headquarters in Trinidad and Tobago.

32. Thirdly, the key to all development lay in access to markets. The developed countries must relax their grip on the world's markets and phase out their own production in areas in which they were uneconomic producers, in order to let the developing countries benefit from their natural advantages in those areas. Unfortunately, the problem of access to markets which was the most pressing, was aggravated by the hesitations and the protracted and half-serious negotiations of most developed countries, in an atmosphere of increasing political tensions coupled with terrifying destructive capacity. He concluded with an appeal to the developed countries to concentrate their political will and technical and financial resources on the creation of a better world.

The meeting rose at 11.45 a.m.

United Nations
GENERAL
ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1035th
MEETING

Monday, 17 October 1966,
at 3.5 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

GENERAL STATEMENTS (continued)

1. Mr. BOLIN (Sweden) said that the flow of resources to the poor countries had practically stagnated since the beginning of the United Nations Development Decade. Unless development assistance became an integral part of the economic and social policy of the rich countries, the crisis now being talked about would soon become a grave reality. His delegation agreed with the President of the International Bank for Reconstruction and Development that the supplementary financing scheme was feasible and worthy of the most careful consideration by all Governments. Another important step would be a second replenishment of the funds of the International Development Association (IDA). The Swedish Government wholeheartedly supported the proposal to increase the total contributions to IDA from the current level of \$250 million to \$1,000 million and was prepared to pay its full share. Thus, Sweden was deeply committed to multilateral development aid and felt that the developed countries should do more to make it more efficient.

2. Planning was indispensable for the economic development of the poor countries. The United Nations must help by laying down guidelines, developing methodology and disseminating information. The work of the Committee for Development Planning was very promising, but the rich countries must organize their own economic planning with the goals of the Development Decade in mind. In other words, there must be world-wide economic and social planning. The Swedish Government therefore attached great importance to resolution 1152 (XLI) of the Economic and Social Council. Through the long-term planning recommended in that resolution, it should be possible for all countries to adjust their economic policies to the needs of the poor countries.

3. Sweden had participated at the forty-first session of the Economic and Social Council as a new member. The need for the Council was greater than ever: the establishment of the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Organization for Industrial Development (UNOID) had not stripped it of its *raison d'être*; on the contrary, there seemed to be general agreement that the Council had been revitalized and was now able to concentrate on its main work.

4. In the long run, industrialization would be the prime mover of accelerated economic and social development in the poor countries as it had been in the rich countries. At the same time, his delegation wished to express its strong support for effective measures to combat world famine. Sweden had welcomed and taken an active part in the establishment of UNOID. The new body would be able to fulfil important functions in assisting the industrialization process in the developing countries. Sweden was deeply interested in the programme of special industrial services to which it had contributed financially. It agreed that UNOID must act as a central coordinating organ for United Nations activities in the industrial field and was particularly eager to see arrangements made to prevent duplication. It would be of great value for the planning authorities in the developing countries if the United Nations and specialized agencies could assist in drawing up guidelines and disseminating information about labour-intensive production methods.

5. Sweden continued to believe that the creation of free and responsible trade unions was one of the best ways of engaging the whole population in solving the problems of development. Thus, trade unions and employers, on the national and international level, must participate fully in that task. His delegation had noted with appreciation the forthcoming world economic conference to be organized by the International Confederation of Free Trade Unions.

6. It was not surprising that many of the developing countries were disappointed at the results so far achieved by UNCTAD. But only two years had elapsed since its establishment and many of the proposals emanating from the first session of the Conference had extremely wide implications for most of the developed countries. In fact, the main achievement of UNCTAD had been the startling change it had brought about in attitudes and its identification of the real problems. His delegation hoped that the second session of the Conference would concentrate on specific issues and not waste its limited resources by tackling too many items.

7. Mr. FAKHREDDINE (Sudan) said that, despite scientific and technological advances, the disparity between the levels of living of developed and developing countries had continued to widen at an increasing rate. While the developed countries had emerged from the Second World War into a period of expansion and affluence followed by integration and rationalization, the countries of Asia and Africa had emerged from their former colonial status with weak economies which were closely tied to, and to a great extent dependent on, the economies of the industrial countries. Bilateral and multilateral assis-

tance had been necessary to help the developing countries in their efforts to raise their productivity and standards of living. Despite the general recognition that the development problems of developing countries were a joint responsibility of both developed and developing countries, however, the fundamental motivations of international assistance had always been, in the last resort, self-interest and political expedience.

8. There had been a significant contraction in the world economy and the international flow of goods and services in 1965. Production had grown by only 5 per cent in 1964-1965, the cutback being particularly noticeable in capital formation. In trade, where the rate of increase in 1965 had fallen to 8 per cent, there had been a considerable expansion in trade between the developed countries; those countries had also secured a favourable balance of about \$400 million in their trade with the developing countries. The developing countries had, however, registered a surplus of \$100 million in their trade with the centrally planned economies. Despite the increase of 32 per cent over the past four years in the gross national product of the developed countries, the over-all capital flow to the developing countries, expressed as a percentage of their gross domestic product, had declined to 0.65 per cent in 1964. Furthermore, because of rising interest rates due to inflationary pressures in the developed countries, the developing countries were having to shoulder a mounting burden of debt servicing, which was now estimated at \$3,500 million or 10 per cent of the developing countries' total earnings.

9. In addition to the reductions in capital flow resulting from measures taken by the developed countries to eliminate their balance-of-payments deficits, the flow of financial resources from international institutions had slowed down, partly because of the general shortage of capital and partly because of more stringent terms for loans from the International Bank. Although it was hoped to raise the total annual contribution to the International Development Association to \$1,000 million, it might prove difficult to replenish the present annual total of \$250 million. The prospects for the regional development banks were no better: the Asian Development Bank was just becoming operational with a total capital commitment intended to cater to the development needs of a vast continent with more than half the world's population, while the African Development Bank was still in its initial stages and so far lacked the funds to make it operational.

10. It was therefore difficult to see why, at the recent meetings of the Committee on a United Nations Capital Development Fund, the developed countries had asserted that the existing international monetary institutions were capable of financing all the development needs of the developing countries. The inadequacy of international capital flows admitted of only one solution: the establishment of a capital development fund. Following the adoption of General Assembly resolution 1521 (XV), advocating the establishment of a fund, the developing countries had endorsed Economic and Social Council resolution 1936 (XVIII) and UNCTAD recommendation A.IV.8,^{1/} in the hope that at least

some progress might be made. However, subsequent developments had been very disappointing. Attempts had been made at the nineteenth session of the General Assembly to end, or at least drastically curtail, the activities of the Committee on a United Nations Capital Development Fund, and the Administrator of the United Nations Development Programme (UNDP) had pointed out that there was no possibility of transforming the Special Fund component of the UNDP into a capital development fund. The developing countries were, therefore, all the more likely to revert to the terms of resolution 1521 (XV) and to recommend that the General Assembly should proceed with the necessary steps to establish such a fund. The Sudanese delegation supported the recommendations in the report of the Committee on a United Nations Capital Development Fund (A/6418) that the General Assembly should adopt the draft statute for the proposed fund, and was willing to consider any amendments to the statute provided they did not in any way alter its substance.

11. The shortage of international liquidity nevertheless required the immediate attention of both developed and developing countries, since it could have a direct bearing on their balance of payments and adversely affected the flow of trade and international resources. The world supply of liquid reserves had not kept pace with the expanding flow of world trade, and the weakness of the economic structures and currencies of newly emerging countries made them largely dependent on the limited supply of convertible currencies. That dependence had strengthened the relative economic position of the developed countries in such areas as natural resources, the transfer of technical skills, and the prices of the manufacture of primary products.

12. In its report,^{2/} the Expert Group on International Monetary Issues had advocated, *inter alia*, the establishment of a new reserve fund to which all countries could subscribe. The fund would have a link with the International Bank, to which it would advance the extra reserve sources to finance development loans. The proposals of the Expert Group had met with an encouraging response: the International Monetary Fund (IMF) had decided to provide automatic assistance to countries suffering from shortfalls in their export earnings, while the countries in the Group of the Ten which joined in the General Arrangements to Borrow had recently agreed on the principles that all countries had an interest in the adequacy of international reserves, and that the new reserve assets, when created, should be distributed to all members of IMF on the basis of its quotas or similar objective criteria. The Sudanese delegation believed that IMF at its next session should consider fully worked out suggestions for the creation of the new reserve fund as a matter of urgency, and that it was vitally important for the developing countries to take a more active role in the negotiations, in order to ensure that any new arrangement would take their interests fully into account.

13. International assistance must be put to the best possible use in strengthening, expanding and diver-

^{1/} See *Proceedings of the United Nations Conference on Trade and Development*, vol. I: Final Act and Report (United Nations publication, Sales No.: 64.II.B.11).

^{2/} *International Monetary Issues and the Developing Countries* (United Nations publication, Sales No.: 66.II.D.2).

sifying the economies of developing countries with a view to raising their standards of living; international aid organizations must therefore be given the necessary freedom to select and implement projects and sufficient resources. Those principles should also be applied to the United Nations Organization for Industrial Development. The Ad Hoc Committee on UNOID had recommended that the operational activities of the new Organization should be financed from voluntary contributions, through either a pledging conference or participation in UNDP, or on a bilateral basis (see A/6229, para. 11). Each country would therefore be able to choose the method most suitable to its own interests, but the responsibility for contributing to the new Organization lay with all countries, both developed and developing. The Sudanese Government was ready to pledge its contribution directly at a pledging conference.

14. The new Organization should assist developing countries by using all the facilities at its disposal, including feasibility studies. Many such studies, although completed, had not been implemented because the projects concerned could not be financed by international organizations, or because private investors had not been well informed of their economic and technological soundness. Competition for the limited financial resources available was such that many developing countries found it difficult to interest potential foreign investors or other sources of finance in the developed countries in their feasibility studies for certain industrial projects. The Centre for Industrial Development should therefore prepare recommendations which would enable UNOID to provide the necessary link between feasibility studies and the financing of industrial projects.

15. The World Food Programme was becoming an important source of multilateral aid to developing countries, and his delegation fully supported UNCTAD recommendation A.II.6. Rather than merely aiding food-deficient countries, the Programme should be a means of helping to increase world food supplies, especially in developing countries with food-exporting potential; the developed countries might therefore have to increase their contributions in cash rather than in kind. In that connexion, the reservations contained in the eighth preambular paragraph of General Assembly resolution 2096 (XX) regarding a programme of studies on multilateral food aid should not be allowed to obscure the fact that such studies should be directed toward utilizing the resources of the developing countries with a food-exporting potential. A 50 per cent increase in grain in the next fifteen years was required merely to maintain the present position, and it was clear that the food-exporting countries, especially the developed ones, would not by themselves be able to meet the increased demand for food generated by the rising world population and efforts to achieve a higher level of living in the developing countries.

16. The developed countries had always asserted that any provision enabling the developing countries to exercise sovereignty over their natural resources would constitute a threat to foreign investment which was, in their view, the major instrument for economic development. However, they tended to overlook two

important factors. Firstly, it was essential for the developing countries to establish mixed economies, in which Governments bore an increasing share of economic development financing. That led to a heavier burden of debt-servicing and greater expenditure on social development. Secondly, developing countries were naturally eager to make the best possible use of their limited or non-renewable natural resources. The Sudanese delegation therefore hoped that the question of permanent sovereignty would now be considered in a more positive and co-operative spirit.

17. Mr. FERNANDINI (Peru) said that in the modern world there was a shortage of liquidity and growing inflation which could lead to a general crisis. The Second Committee must face that situation with prudence and realism. The most important and permanent source of economic aid was that which each country could provide for itself, through planning, hard work and capital formation. International aid, however valuable, must only be viewed as supplementary.

18. Peru considered that its own economic development could only be achieved by industrialization, self-sufficiency in food, the full utilization of its raw materials, a satisfactory trade position and stable finance. It was making an enormous effort to improve its infra-structure and had achieved spectacular results in industry and trade in recent years. It maintained a free exchange system which might appear a luxury but which had demonstrated its effectiveness by keeping the sol pegged to the United States dollars since 1959. Its economic growth was steady and satisfactory but growing inflationary pressures and a shortage of liquidity precluded a more rapid tempo of development.

19. Peru was receiving more and more financial aid from bilateral sources and laid particular stress on its links with the United States and Canada. The economic position of the western hemisphere was encouraging and Peru's development plans took full account of that geographical and economic fact. While not neglecting its traditional ties with Europe, it was expanding its trade relations with Japan. Its membership in the Inter-American system was vital for its development. Peru received assistance under the Alliance for Progress and eagerly supported the economic integration of Latin America. It took a deep interest in the multilateral aid projects of the United Nations and hoped that their objectives, particularly those of the United Nations Development Decade, would be fulfilled.

20. The Economic and Social Council, of which Peru was a member, played an important role both as a deliberating and a co-ordinating body. However, in recent sessions its agenda had been overloaded. The Council had acted on many proposals for economic development which now played a vital part in the United Nations system and it was to be hoped that its work would become increasingly effective. His Government deeply appreciated the work of the specialized agencies, particularly that of the United Nations Educational, Scientific and Cultural Organization on literacy and tourism and the Food and Agriculture Organization of the United Nations on agricultural development.

21. One of the achievements of the twentieth session of the General Assembly had been the establishment of the United Nations Development Programme. Although many States were to be congratulated on increasing their contributions, UNDP was still short of funds and the target of \$200 million had not been reached.

22. He had had the honour of presiding over the Ad Hoc Committee on UNOID which had drawn up the draft resolution containing UNOID's terms of reference. He hoped that the text would be approved by the Second Committee and the General Assembly without further debate. The industrial development of every country from the planning stage to the establishment of factories must be encouraged by UNOID. It must benefit all countries requiring its aid and not only those considered as under-developed. It must accelerate economic development through immediate and direct action and produce only those theoretical studies and projections that were absolutely essential. As a token of its interest in UNOID, the Peruvian Government had offered Lima as a site for its headquarters (A/6415).

23. Since its establishment, UNCTAD had not made much progress. Nevertheless, its very existence and its diagnosis of trade ills, together with its recommendations, would ensure its success. The Peruvian Government had welcomed the establishment of the Committee on Shipping since its work was extremely important and would have a considerable impact on the economies of the less developed countries. Peru also hoped that the Committee on Invisibles and Financing related to Trade would consolidate its work before adopting further organizational measures. Capital formation was essential for development and the United Nations must do more in that connexion. The industrialized countries must increase the flow of capital to the developing countries if the aims of the Development Decade were to be realized. Effective and audacious plans must be formulated in the Committee on Invisibles and Financing related to Trade and more progress must be made towards establishing a capital development fund.

The meeting rose at 4.20 p.m.

United Nations
**GENERAL
ASSEMBLY**

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1036th
MEETING**

*Tuesday, 18 October 1966,
at 10.35 a.m.*

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

GENERAL STATEMENTS (continued)

1. Mr. PAAKKANEN (Finland) said that, despite the disappointments of the United Nations Development Decade, there was a growing understanding of the development process and, in particular, of the intimate and complex relationships between its economic and social factors. The social and institutional structure of an economy, especially at the beginning of its transformation, acted as a constraint on development. Yet the new economic structure could not, so to speak, be imposed on the traditional sector and must be attained through transformation. The motives and incentives in the subsistence sector and those in the money economy sector were different, and the better they were understood the more effective development planning would be. Another positive aspect of the Decade was the emphasis recently placed on the fact that the different development activities formed a whole. The various projects, whether in pre-investment, agriculture, industry, education or health, must be considered as part of a consistent development plan.

2. Nevertheless, the quantitative targets of the Decade had not been reached. Progress had been slower than hoped for and even slower than hitherto and the difference in growth rates of per capita income between the developed and developing countries had created an understandable feeling of impatience and relative impoverishment. Population growth had accentuated the severe food problem and had imposed on the developing countries heavier burdens than they could bear, given their resources for investment and foreign exchange earnings. The debt service burden had grown three times faster than their export earnings and now absorbed 10 per cent of those earnings. As the Under-Secretary for Economic and Social Affairs had stated (1023rd meeting), the very logic of the system required the perpetuation of certain forms of financial aid. In that context, the stagnation in the flow of aid was probably the most significant feature of the Decade and the General Assembly could not be indifferent to it. External assistance for development was a matter involving the relations between groups of nations divided by ideologies, income levels, race and historical backgrounds. The stagnation in the flow of aid could be partly explained by the balance-of-payments difficulties of some in-

dustrialized countries. However, as the Under-Secretary had pointed out, the procedures and practices of international aid should be reviewed and new initiatives defined. His delegation thought that an analysis should be made of the reasons underlying the stagnation of aid in the 1960's.

3. The work done within the framework of the United Nations Conference on Trade and Development (UNCTAD) had proved that institution's historical importance. In most countries economic development had been launched by exports. The Finnish economy's long-term future still depended on export performance and access to international markets. The United Nations Organization for Industrial Development (UNOID) was an important addition to the existing machinery in a field which was crucial for economic growth. The Finnish Government had increased its contribution to the United Nations Development Programme (UNDP), participated in the World Food Programme and joined the Asian Development Bank. While intensifying its participation in multilateral efforts to promote development, Finland recognized the side-effects, pointed out by the Secretary-General in his presentation to the Fifth Committee (1124th meeting) of the annual budget of the United Nations, of establishing new pieces of autonomous machinery. The co-ordination and consistency of national development efforts were another important objective. Available resources must therefore be used as effectively as possible through highly efficient allocation.

4. In conclusion, while a world civilization could not be spoken of so long as the gap between North and South continued to widen, the possibility of such a civilization would exist so long as there was common discussion and action.

5. Mr. BOT (Netherlands) referred to the statements made by the Secretary-General, the Administrator of UNDP, the President of the International Bank for Reconstruction and Development, the Secretary-General of UNCTAD and the Under-Secretary for Economic and Social Affairs and pointed out that, while positive results had been achieved in a number of developing countries, by and large the balance sheet of development was disappointing. Yet there was also hope for a better future; new courage must be drawn from each adversity; it was necessary to be hopeful for the sole reason that failure for lack of an intelligent appreciation of reality was unthinkable. The Secretary-General of UNCTAD had recently said that the world was in need of a radical change because the large industrial countries, despite their great technological achievements, were not likely to find any way of immunizing themselves against what was happening in the developing world unless there was a momentous policy of international co-operation built up on solid founda-

tions. As the President of the Bank had observed, assistance from public sources, as a proportion of the income of the industrialized countries, had continued to decline for the fifth successive year and that meeting those problems would require strenuous efforts and new thinking by all countries.

6. In his delegation's view, the shadow cast by those disappointments must not obscure the bright side of the picture. For example, three events planned for 1967 might prove important for spreading the philosophy of development: the second session of the United Nations Conference on Trade and Development, the establishment of UNOID and the International Symposium on Industrial Development. He hoped that all those enterprises would fit into a master plan of world-wide policy and that it would be possible to avoid waste and errors which, when made at the international level, were less easily corrected than those made within national administrations. Again, the Committee for Development Planning was now guiding the Centre for Development Planning, Projections and Policies and the priorities determined by the Committee constituted the first steps on the way to indicative world planning. The United Nations Research Institute for Social Development at Geneva, financed during the first three years of its existence by the Netherlands, and now receiving support from the United States, was also making a major contribution to development. Lastly, the report of the Special Committee on Co-ordination^{1/} contained many proposals of importance for the functioning of the United Nations system in the development sector.

7. The Netherlands strove to align its development policy with the evolving international situation, as set forth in the memorandum recently submitted by the Netherlands Government to Parliament formally announcing a development aid target of 1 per cent of the national income. The rate at which that target was to be reached in the next few years had not yet been determined; however, in spite of the numerous reductions made in the Netherlands budget for 1967, the proposals relating to development aid for that year showed an increase of almost 11 per cent over the current year.

8. Furthermore, the Netherlands Government had formally adopted the principle of long-term planning of its development assistance, even though budgetary allocations for more than one year were not feasible. The Netherlands contribution to UNDP would be increased by 25 per cent. Its total contribution to the programme of special industrial services would be raised to \$1.66 million by a second gift. Its contribution to the World Food Programme was steadily increasing, although the basic solution to the food problem lay in boosting the agricultural production of the developing countries themselves, that being a side of the problem with which the donor countries ought to concern themselves as well by offering all possible assistance and one which should be given special attention in the discussions between developing and industrialized countries in the framework of consultative groups and consortia under the auspices of

the Bank and the Organization for Economic Co-operation and Development (OECD).

9. His country was certain that the Asian Development Bank, to which it had given considerable support, would play an important role in development financing; and it was also glad to be able to join the group of countries which were trying to help Indonesia to develop its potential wealth.

10. The allocation of nearly 500 million guilders to development aid involved the deliberate sacrifice of pressing domestic objectives, such as the construction of urgently needed housing, land reclamation, modernization of the road network and social security measures.

11. As William the Silent had said, "Man could well act without hope, and persevere without success". Disappointment had a paralysing rather than a stimulating effect; but it was wrong to be discouraged by the disappointing results of the first United Nations Development Decade. Countries should rather be looking ahead to the year 1970 and, in the light of experience gained, they should try in the last years of the present decade to adjust their mentality to the notion that prosperity at the national level must be synonymous with increasing prosperity for all.

12. The flow of government funds from developed to developing countries could not be substantially increased by decisions alone. Public spending followed a pattern which tolerated only gradual changes and was subject to temporary tensions caused by budgetary problems and balance-of-payments difficulties. In any case, the preparation of a national budget inevitably involved a choice between alternative possibilities and different needs. Often, too, it was the relative strength of the various forces in society which largely determined the structure of the budget, and particularly new appropriations or reductions. The highest priority was generally given to the project which enjoyed the widest support. Thus, if development aid were given a lower priority than the satisfaction of domestic needs, that would prove that development was not regarded as a world-wide economic necessity affecting all countries. Fortunately, such a situation did not exist at present, as the need to increase the flow of funds to the developing countries was generally recognized. But that recognition would be merely theoretical, if it did not prompt the developed countries to transfer adequate sums from their domestic to their development budgets.

13. To translate that understanding into action would take time, and a re-moulding of public opinion and attitudes would also be required. He suggested, therefore, that priority should be given to a restatement of the cultural, social and economic rights and duties of peoples and nations, namely, of the rights and duties which together gave expression to the concept of human dignity. A solution to the problem of the inequality of opportunity for individual and collective development, which was due to the unequal distribution of prosperity throughout the world, would serve as the economic and social complement of the post-war process of political decolonization.

^{1/} Official Records of the Economic and Social Council, Forty-first Session, Annexes, agenda item 3, document E/4215.

14. At the twentieth session of the General Assembly, his delegation had suggested that there should be a "charter of development". The simple truth of the present situation was that wealth was unequally distributed throughout the world and that every nation, regardless of the group to which it belonged, had the duty and the right to contribute to the solution of that problem. Yet, apart from the refusal to face the simple truth, what other reason was there to explain why that right and duty had not been defined in a set of general rules as human rights and the rights of the citizen had been defined nearly two centuries earlier?

15. The history of the past few years seemed to be over-burdened with unco-ordinated initiatives which revealed the lack of a comprehensive plan of action for development co-operation. For years the Second Committee and the Economic and Social Council had been referring to one another the question of a declaration on international co-operation, without ever giving it any serious consideration and the multitude of declarations and resolutions adopted had had an inflationary effect on the value of certain fundamental notions. What was lacking was a clear and universally accessible instrument, defining the rights and duties which were basic to every development effort. During the present session the Third Committee was to consider the question of a declaration on social development; and, as it was universally recognized that social and economic development constituted a single process, the international community should inaugurate the new development decade in 1970 by solemnly proclaiming a charter of development which would reflect the collective thinking of the times, but would at the same time be one step ahead of it, and would direct the action of the international community towards a common goal.

16. Such a charter could be based on the documentation already prepared for UNCTAD, the Economic and Social Council and the Sixth Committee, and on the many General Assembly resolutions, which could be regarded as component elements of a charter of development and should now be moulded into a coherent pattern. The charter of development would have to maintain a careful balance between socio-economic and cultural rights and obligations in the field of development and it should *inter alia* assert the right of all peoples to share in the world's expanding prosperity and the need to take account of the special requirements of the developing countries in any effort to reform the world economy. It should also contain guidelines for the proper exploitation and utilization of resources, and principles of economic co-operation to be observed by the entire international community; and it should assert the right of all peoples to share in the world's knowledge. He did not wish to minimize the importance of existing institutions concerned with international co-operation. On the contrary, his proposal was designed to improve the results of their work by placing it in the framework of a clearly co-ordinated international development policy which the charter of development was to define.

17. As a first step in the preparation of the charter, the Secretary-General might appoint a group of ex-

perts who would be requested to list and classify the fundamental principles contained in existing documents and, in collaboration with the specialized agencies, to submit a report to the General Assembly at its twenty-second session through the Economic and Social Council. Next, the preparation of the first draft could be undertaken by a committee of government-appointed experts assisted by the Secretariat. Their work would then be reviewed in 1969 by various inter-governmental bodies and, if the necessary political support was forthcoming, the charter of development could be finalized in December 1969.

18. If members of the Second Committee displayed sufficient interest in the suggestion, his delegation would be prepared to submit a draft resolution calling for the appointment of a group of experts to take the first steps in preparing the charter.

19. Mr. GUINDEY (France) said that, although economic and social progress in the developing countries depended to a large extent on conditions created by those countries themselves, it could not proceed at a satisfactory pace without the assistance of the developed nations, whose aid policies, as well as the over-all policies, were of decisive importance in that respect. Accordingly, he wished to comment on what action the industrialized market-economy countries had already taken and what they could try to do in the future.

20. The general picture in 1965 had some positive features. The OECD countries had continued their expansion at a rate higher than that fixed at the beginning of the Decade. Their imports had consequently increased; it was true that in 1965 they had increased by only 8 per cent—a smaller rise than in 1964, but that was because expansion in the Western European countries, which imported nearly three times as much as the United States and Canada, had slackened—for the time being only, it was hoped—while the rate of growth in North America had increased. At the same time, according to the latest report of the Bank for International Settlements,^{2/} the net capital imports of the Third World had increased by \$500 million in 1965 as in 1964, whereas those of Western Europe had declined by \$1,600 million. Of the total increase in "international liquidity" in 1965, in the amount of \$900 million, the United States and Western Europe had accounted for \$200 million and the Third World for \$700 million, whereas the corresponding figures in 1964, for an increase of \$3,900 million, had been \$2,200 million and \$1,700 million respectively. Finally, the terms of trade had remained stable, as in 1964, import and export prices having risen approximately 1 per cent, although considerable fluctuations—particularly a decline in cocoa and sugar prices—had taken place in the context of that stability, raising problems which had to be examined.

21. Among the less satisfactory aspects of the economic situation in 1965, three points in particular should be singled out. First, as the Under-Secretary for Economic and Social Affairs had observed, the external national indebtedness of the developing countries had amounted to \$36,400 million, a figure

^{2/} *Thirty-sixth Annual Report, 1st April 1965–31st March 1966* (Basle, 13 June 1966).

roughly equivalent to their total savings, and servicing the debt absorbed too great a share of their income from exports. The rise in interest rates which occurred both in the United States and in Western Europe, had affected the international financial institutions, and particularly the World Bank group, which would have to modify its financial terms. Secondly, global aid to developing countries was today further removed from the goal of 1 per cent of the gross national product than it had been at the beginning of the Development Decade, and up till now, the total had not been commensurate with the expansion of the developing countries. Since 1964, the progress made in private aid had not been matched by governmental assistance, of which, moreover, outright gifts represented no more than two and one half times the amount of loans, as against five times that amount in 1956-1958. Lastly, the increasing proportion of aid in the form of food was a reflection of the imbalance between the growing populations of the countries of the Third World and their agricultural resources; per capita production had decreased by 4 to 5 per cent, and the grain stocks, built up for the most part in North America, which had made it possible to cope with emergencies, were at their lowest level in ten years.

22. In view of that situation, the aid policies of the industrialized countries called for reappraisal. The primary need, according to his delegation, was to intensify the aid provided out of national budgets, which alone could furnish outright gifts and long-term loans at very low interest. Some countries, such as the United States, the United Kingdom and France, traditionally provided large credits in their budgets for economic co-operation; now, however, concerted action was needed by all the industrialized countries and international agencies to place greater emphasis on governmental assistance, and particularly assistance in the form of outright gifts. It would also be desirable to reduce the inequalities in the contributions of the different industrialized States, through alignments at the higher rather than at the lower level, as well as the fluctuations in the amounts of aid from year to year, which greatly hampered any rational utilization of resources under development plans and which were sometimes excused by the fluctuations in the balance of payments of the country providing aid. Without going into the complex matter of the possible influence on the balance of payments of expenditures abroad financed from national income, he wished to point out that the system of so-called tied aid at least provided an answer to the objections raised against aid on that score.

23. Trade and the promotion of exports from countries of the Third World should play a greater part in the development of those countries, and his delegation sincerely hoped that the question of preferential customs arrangements for imports would be satisfactorily settled and that further efforts would be made to normalize markets and revalue certain products.

24. Finally, no one denied the need to promote agricultural production in the countries of the Third World, since adequate nutrition was a prerequisite

to any development. Where opinion was divided was on the methods of agricultural development. His delegation, for its part, taking into account the experience of French experts, would wish priority to be given to action including the following: establishment of peasant associations at the village level; systematic dispensation of agricultural instruction and information through such associations; research by technical institutes on improved agricultural methods adapted to local conditions; extension of agricultural credits; systematic training of instructors and supervisors of co-operatives or associations; and particular attention to problems of water and soil conservation. His delegation felt that it was always preferable to encourage a number of local activities rather than large and spectacular projects, and that such a system, while requiring the co-operation of many people, was not necessarily very costly.

25. It was not enough, however, to recommend specific action under the general heading of aid to development; each of the industrialized countries must also evaluate its share of responsibility. The tightening of the money markets and the rise in interest rates on both sides of the North Atlantic were largely due to the restrictive measures which the monetary authorities had been obliged to adopt because of the failure of Governments to take adequate action to halt inflationary tendencies. Moreover, the scarcity of capital was due, in certain European countries at least, to the insufficiency of savings in relation to the investment needs created by technological advances. The rise in public expenditures had attained an excessive rate which tended to outstrip that of expansion, and since Governments had to combat a potential deterioration in the purchasing power of their currencies, they were inclined not to devote sufficient resources to foreign aid. Inflation was the great malady which, in various forms, beset the economies on both sides of the North Atlantic. Whatever its manifestations, it was a general phenomenon, and it helped to explain, although it did not excuse, the difficulty most countries of Western Europe and North America had in furnishing sufficient aid at satisfactory interest rates. It was essential for the industrialized countries to call a halt to the persistent inflation; such action would also be in the best interests of the less developed nations. The theory that such nations would benefit from a policy of easy money on the part of the industrialized countries—it had even been suggested that additional methods of international payment should be created—did not take account of the fact that inflationary situations could not be allowed to continue indefinitely without very serious consequences and that the measures which must ultimately be taken to halt inflation always had painful and sometimes unfair effects; on the international as on the national level, the cost of inflation was in the end always borne by the weakest.

26. Nor should it be forgotten that what the less developed countries needed was increased external assistance and expanded international trade on more favourable terms. They needed a larger flow of real goods from the industrialized countries without an immediate counterpart—either as gifts or in the

form of long-term loans. In order to make those real goods available—capital goods or consumer goods—the supplier countries must maintain allocations from national production at a level which would not be excessive, and hence keep their consumption within a growth rate which was compatible with the other charges on the national product. Such a policy required courage, but it would help to solve the problems of financing external aid. In that connexion, the domestic action of his Government to control inflation did not prevent France from occupying a high place among the nations contributing to the cause of development. An increase in international trade could best be assured if exchange rates were stable and economies expanded in a controlled manner. With regard to the terms of trade, the peoples of the industrialized countries were obviously better equipped to protect their purchasing power in the event of an over-all increase in prices than those of the developing countries. The latter, therefore, needed over-all price stability, especially in industrial prices, on which it was possible to undertake, in the best circumstances, specific actions concerning certain markets.

27. If co-operation to promote development was to be strengthened, the term policy must also be viewed in the widest possible sense. The Governments of the industrialized States must be ready to accept certain financial and commercial sacrifices to promote the cause of development, and they must be ready to commit their authority and their responsibility to counter the selfish interests which existed in all countries. Moreover, it was essential for economic aid not to be an instrument for penetration, domination or even intervention, nor to constitute a pawn in rivalries between Powers. The French Minister for Foreign Affairs had stressed that point in the 1420th plenary meeting of the General Assembly, adding that that essential condition would be difficult to fulfil while the cold war continued.

28. In conclusion, he pointed out that, in questions of development, it was the responsibility not only of the Governments but also of the peoples in the industrialized countries which was involved. Government action, which presupposed sacrifices on the part of the taxpayers, needed the support of public opinion. Efforts to promote development were, to a great extent, an educational operation requiring a larger number of competent educators with a genuine vocation. While commercial interests or political motives could often promote useful endeavours, the motive force for a genuine co-operative effort to promote development could, in the final analysis, only be a sense of solidarity. The special nature of the problem could not be better defined than in the maxim of the French philosopher Auguste Comte: "Love as the principle, order as the corner-stone, and progress as the goal".

29. Mr. AMMAR (Tunisia) agreed with the representative of Algeria that discussions in the Second Committee would not do much to change a situation in which future developments depended rather more on relative strength than on common-sense arguments and the most elementary humanity. Nevertheless, his delegation was convinced that such

arguments would eventually convince those who could not see, or who pretended that they could not see. All were aware of the imbalances in the world economy which threatened international peace, and the proper strategy to win the battle against under-development was being sought. It was when that strategy was applied, when the necessary sacrifices had to be made, that the differences arose which slowed down, and even paralysed, any international action calculated to promote the economic development of the poor countries.

30. The developing countries had made great efforts to plan their growth. Some of them had set precise and realistic goals for themselves, and had defined the ways and means needed to carry them out. Tunisia had completed its three-year plan (1962-1964) and had launched its four-year plan for the period 1965-1968. For the initial phase it had given priority to the development of human resources by stressing literacy programmes, education, the training of cadres, reforms of psychological and economic structures and the development of agricultural and industrial production. Those activities were still continuing and were now based on the profitability of investments and on industrialization. Tunisia had thus been able to exceed the goal set for the Development Decade by raising the growth rate of its gross domestic product to 6 per cent. That had required great sacrifices, and it explained why the economy was in a difficult situation marked by a depletion of the country's monetary reserves, a budgetary deficit and a considerable short-term debt. The main reason for the imbalance was the inadequacy of external assistance and the fact that friendly countries had not fulfilled the commitments they had undertaken.

31. Generally speaking, financing for development was going through a period of severe crisis. The ratio of total capital flow to the gross national product of the developed countries as a whole had fallen from 0.84 per cent in 1961 to 0.65 per cent in 1964. Thus, the intensification of that flow had not even kept pace with the rate of expansion of the national product of the industrial countries. The developing countries must therefore redouble their efforts to make the best use of the means at their disposal. They could also remind the developed countries that the financial assistance granted to them was immediately ploughed back into their economies in the form of purchases of capital goods. As the President of the first United Nations Conference on Trade and Development had pointed out: "... helping the developing countries to reach a higher standard of life, results also in activating the economies of the advanced countries, in extending their markets, in increasing their production capacities, and in putting their excess reserves and savings to remunerative investment."^{3/} Similarly, as the Under-Secretary for Economic and Social Affairs had said, the imbalances in the external payments with which the most advanced countries were now contending could not be attributed to their transactions with the countries of the Third World but were

^{3/} See *Proceedings of the United Nations Conference on Trade and Development*, vol. II: *Policy Statements* (United Nations publication, Sales No.: 64.II.B.12).

rather a reflection of the state of relations between the industrial countries themselves. It was essential to make the machinery for using assistance more flexible by adapting it to the needs of national and regional plans, to lower the interest on loans to reasonable rates, and to spread repayment over longer periods.

32. In that connexion, he regretted that the question of a United Nations capital development fund had never passed beyond the discussion stage. Machinery of that kind would make it possible partially to alleviate the severe shortage of capital which was being felt by the developing countries; it would also help to supplement the range of United Nations activities by making it possible to bring the pre-investment projects successfully completed under UNDP to their logical conclusion. His delegation hoped that it would not be necessary to postpone that agenda item until the twenty-second session of the General Assembly. His Government was receiving quite a large amount of assistance under UNDP, and it welcomed the success of pre-investment activities undertaken in such diverse fields as civil aviation, teacher-training, agricultural research and mining research. The projects of UNDP had enabled Tunisia to tackle a large number of problems objectively and realistically and had contributed to the achievement of its development plans. The success of previous UNDP achievements and the drive shown by its administration were a guarantee of its success, and those countries which were members of the Programme should not hesitate to increase their contributions until the target of \$200 million was eventually reached.

33. His delegation attached great importance to the establishment of UNOID. It considered, however, that UNOID could not play its full part in promoting industrial development unless it had complete freedom of action and the means necessary to carry through the operational activities it would be called upon to undertake. It was therefore to be hoped that the industrialized countries would waive the objections they had made to the draft resolution adopted by the Ad Hoc Committee on the United Nations Organization for Industrial Development (A/6229, para. 11) and make the necessary effort to enable UNOID to establish new, economically viable industries in the developing countries. Industrialization was not an end in itself but rather a means of exploiting resources and commodities, ensuring full employment and a healthy balance of payments and raising popular living standards. It was more easily achieved within a group of countries having spiritual, political and cultural affinities. For that reason, Tunisia was working continuously with Algeria, Morocco and Libya for the creation of a Maghreb union. The Standing Consultative Committee of the Maghreb had set up various sub-committees and working groups which were trying to co-ordinate the policies of member countries on industrialization, transport and the marketing of certain commodities.

34. His delegation shared the disappointment expressed by representatives of many developing countries at the reluctance of economically advanced countries to implement the recommendations of UNCTAD. Their disappointment was the greater since

the upward trend of commodity exports had been halted; in certain cases, prices had fallen causing a reduction in revenue, and there was still a state of chaos in regard to tariff preferences to manufactures from developing countries. In the circumstances, much depended on the second session of the Conference which, it was to be hoped, would produce positive results in regard to international co-operation and would make for an appreciable improvement in the terms of trade.

35. With regard to the World Campaign for Universal Literacy (agenda item 47), he pointed out that Tunisia devoted 25 per cent of its annual budget to public education, and it was expected that all children of school age would be attending school by 1970. Several pilot experiments in adult literacy had been successfully conducted, and his Government was prepared to make information so gained available to all countries experiencing the same problems. Tunisia had received numerous fellows engaged in research into methods used in the campaign against illiteracy, and was ready to receive others.

36. Welcoming the proposal referred to by the representative of Iran (1025th meeting), he said that the funds and resources required for the struggle against under-development were an infinitesimal part of the resources and energies squandered for destructive purposes. There was therefore still hope that one day the more prosperous countries would seriously commit themselves to international co-operation.

Mr. Bolko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

37. Mr. ONDARZA (Bolivia) drew the Committee's attention to several items on the agenda which were of vital importance for Bolivia. As a country with a surface area of over 1 million km² and 5 million inhabitants, it had still not been able to achieve any appreciable improvement in the living standards, education or health of its population, despite the fact that it possessed immense mineral and agricultural wealth. Its problems were still at the "primary" stage, above all because it did not enjoy permanent sovereignty over its natural resources—although that was laid down in legal instruments. The exploitation of its resources, their marketing and unfair price-fixing seriously compromised its sovereignty, delayed fulfilment of social needs and nullified government efforts to overcome economic stagnation, or even merely to balance its budget and ensure a minimum income per inhabitant.

38. For example, tin, already a victim of fluctuations on the world market, was suffering from the effects of sales of surplus strategic stocks by the United States of America. From January to the end of September 1966, such sales had amounted to 12,000 tons, whereas statistics showed that the deficit was no more than 10,400 tons for the whole of 1966. Unilateral decisions of that kind forced down commodity prices and seriously affected living standards: the Bolivian mining industry produced 90 per cent of the exports which earned the foreign exchange needed for financing imports. Tin accounted for some 70 per cent of mining production and a 10 cent drop in tin prices meant a loss of several million dollars for

Bolivia, thus upsetting its national budget, as in the present instance. The Bolivian people, bound as they were by long-standing ties of friendship to the people and Government of the United States of America, hoped that a rapid and satisfactory solution to the problem could be found. An agreement on the subject should be possible between the International Tin Council, to which Bolivia belonged as a producing country, and the United States of America.

39. International co-operation was certainly invaluable—but it had to be based on a recognition of Bolivia's efforts and its right to share in the benefits of economic development.

40. Access to the sea was another facet of sovereignty over natural resources and 90 per cent of inter-American trade moved by sea. Bolivia had possessed an outlet to the sea on attaining independence, but it had since been frustrated by chance circumstances, which hampered development and the channelling of Bolivian exports to the world market. It was to be hoped that the outlet to the sea would be restored in a manner in keeping with peaceful co-existence among the nations of the Americas.

41. His Government was planning to develop the water resources of the Bolivian high plateau and to expand agriculture and stock-raising there. In its desire to play its part in Latin American economic integration, it had also suggested exploiting the enormous wealth of the Amazon and Plata River basins and the Pacific coastline—areas among the richest and least inhabited in the world.

42. After carrying out revolutionary economic, social and cultural changes such as nationalization of the principle mining enterprises and agrarian reform, his Government was engaged, under its national reconstruction programme, on new projects which would make it possible for some 3 million human beings to lead a civilized existence. His Government was planning to provide schooling for the entire rural population with a view to re-creating

a vigorous civilization such as it once had. It was particularly interested in the World Campaign for Universal Literacy launched by the United Nations as part of the struggle for development.

43. His country was trying to integrate its various regions and peoples so as to awaken a strong national consciousness which would encourage development. Integration and development were the two main-springs of the Bolivian revolution in its current stage of constructive institutional reform. The Bolivian armed forces were playing an active role in democratic consolidation and economic construction, through their units specializing in the building of roads, schools and health centres and their programmes for the improvement of production, education and social welfare.

44. He was convinced that the occasionally aggressive behaviour of certain Powers was responsible for the difficulties of the developing countries. However, there was also a kind of ideological imperialism which employed specially trained agitators in an attempt to retard economic development. Bolivia had recently had the bitter experience of having to rehabilitate the nationalized mines which were on the verge of bankruptcy. It was in no mood to see anyone try to foster agitation, terrorism or anarchy on its territory.

45. He was convinced that the United Nations should aspire not merely to maintaining peace but also to strengthening it by economic and social development. Lack of schools, disease, the inadequate prices which the developing countries were forced to accept for their commodities, and the disregard of elementary human rights, created explosive situations which threatened world peace. His delegation deplored the events in Viet-Nam and other parts of the world, but it had faith in the United Nations. Bolivia was ready to play its modest part in the construction of a better and juster world.

The meeting rose at 12.45 p.m.

United Nations
**GENERAL
ASSEMBLY**

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1037th
MEETING**

Tuesday, 18 October 1966,
at 3 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

GENERAL STATEMENTS (*continued*)

1. Mr. ROOSEVELT (United States of America) said that his delegation shared the general disappointment at the fact that developed and developing countries alike had failed to achieve the goals set in 1961 for the United Nations Development Decade. Member States had learnt that the obstacles to rapid economic and social progress in the developing countries were more difficult than had been anticipated, that radical changes in social and economic systems were resisted in many of those countries and political stability did not always emerge overnight in newly independent countries. The former countries, too, had undergone inflationary pressures and balance-of-payments difficulties, which had frequently prevented them from increasing their contribution to the development of others, and a certain disenchantment with foreign assistance had spread among legislators and the general public because of the slow rate of progress.

2. Those facts should not, however, be allowed to obscure the progress that had been made. National output was rising in both rich and poor countries at a rate never before achieved, although the *per capita* increase was considerably lower in developing countries due to population factors. The net transfer of resources to developing countries had reached a record level in 1965, despite the levelling off in official aid; his delegation considered that private investment was, generally, the most effective form of capital aid while agreeing that, in many cases, public aid was more effective.

3. One standard by which the effectiveness of the efforts of the international community might be measured was to survey the extent to which the United Nations and its agencies implemented recommendations for necessary institutional change. The previous year had witnessed a number of developments which indicated that the Organization had, indeed, made progress in that respect.

4. The merger of the Expanded Programme of Technical Assistance and the Special Fund was a reality. The Governing Council of the United Nations Development Programme (UNDP) was giving more effective policy guidance to both components of the Programme than its most ardent advocates had initially believed possible and the Programme was likely to become a most valuable vehicle for the technical assistance and

pre-investment activities of the United Nations system. Some improvements were still required: the system of project submission should be simplified; the role of the resident representatives needed to be strengthened and the Programme made more responsive to the needs and desires of the recipient countries. He was authorized to pledge, on behalf of his Government, a contribution of \$70 million to the Programme for 1967, subject to the usual proviso that the United States contribution would not exceed 40 per cent of the total contributions, including assessed and audited local costs, and to his Government's right to decide at a later date that up to \$2 million of the total should be devoted to the special industrial services described in paragraphs 9 and 10 of document A/6070/Rev.1,^{1/} and to the expanded industrialization activities referred to in General Assembly resolution 2089 (XX). It was his delegation's hope that the new target for contributions to the Programme would be achieved in the near future and it would do its share to make that possible.

5. Another achievement of the preceding year had been the success of the negotiations leading to the establishment of the United Nations Organization for Industrial Development (UNOID), thus breaking the deadlock that had persisted for a number of years. All that remained was for the Assembly to adopt the draft resolution on the terms of reference of UNOID. The new Organization was assured of voluntary resources for its activities, since it had full access to the facilities of UNDP; moreover, a number of Governments, including that of the United States, had made funds available for joint administration by UNOID and UNDP for the specific purpose of additional industrial services.

6. The increasing gravity of the world food situation had led to the continuation of the World Food Programme for an indefinite period. A programme of studies on multilateral food aid had been developed which might result in more lasting contributions to the solution of the problem. The United States had pledged enough so that the target of \$275 million would have been achieved had other countries matched its pledge. The United States was considering a revision of its pledge to help meet the target which, regrettably, had not been achieved.

7. The Economic and Social Council was making satisfactory progress with the reappraisal of its role and functions; it had taken measures to secure better inter-governmental control of economic and social programmes and improved co-ordination of the activities of the United Nations system. The Committee for Programme and Co-ordination was pro-

^{1/} Official Records of the General Assembly, Twentieth Session, Annexes, agenda item 40.

ducing a concerted approach to the problems of the developing countries, with special emphasis on the search for programme gaps and the co-ordinated effort to fill them. The joint meetings with the Administrative Committee on Co-ordination should prove helpful in that respect. The World Plan of Action, proposed by the Advisory Committee on the Application of Science and Technology to Development, which the Council was to consider in greater detail when it received a further report from the Committee, and the programme developed by the Committee for Development Planning were further instances of the vigorous action the Council was taking to assist developing countries.

8. The far-reaching resolution on the flow of resources [Economic and Social Council (1183 (XLI))], was a milestone in the financial field. His Government had undertaken to contribute to the replenishment of the resources of the International Development Association provided other countries contributed their share and satisfactory arrangements for avoiding balance of payments problems were worked out. It had also participated in the negotiations aimed at improving international monetary arrangements and approved of the decision that the International Monetary Fund (IMF) and the Group of Ten should join in further discussions concerning the creation and distribution of new reserve assets. The recent liberalization of IMF compensatory financing arrangements would help many developing countries to deal with the results of fluctuations in commodity prices.

9. All those developments indicated that international co-operation had paid significant dividends during the preceding year. One pressing problem which still remained was that of cocoa, but it was his delegation's hope that the goodwill of all the Governments concerned would enable the negotiations on an international cocoa agreement to be resumed in the near future and brought to a successful conclusion.

10. His delegation had repeatedly affirmed its belief in the permanent sovereignty of countries over their natural resources; it maintained, however, that sovereignty implied freedom of choice as to the methods by which those resources were to be developed. There was admittedly a difference of opinion among Member States on whether resource development was better undertaken by private or State enterprises, but it was for developing countries themselves to decide which approach, or combination of approaches, to adopt. His delegation believed that General Assembly resolution 1803 (XVII) should be sufficient, but was prepared to discuss the aspects which were not covered if other delegations thought it necessary.

11. Future efforts to cope with the deficiencies of world resources would have to concentrate on a better utilization of the resources of the sea, both in the field of food and that of minerals. International co-operation in the exploitation of those resources should be encouraged by endorsing Economic and Social Council resolution 1112 (XL) and by requesting the Secretary-General to undertake a comprehensive survey of existing co-operative activities in marine science and technology, with a view to framing new proposals for consideration by the Council and the Assembly.

12. His delegation had hoped to avoid discussing the situation in Viet-Nam in the Second Committee; the constant repetition of historical misstatements had, however, made it necessary for him to refute unsubstantiated charges for the benefit of those who were genuinely seeking a solution to that unfortunate conflict, which did, of course, have economic repercussions in his country and others.

13. The United States forces in Viet-Nam were alleged to be guilty of aggression and to be there in violation of the Geneva Agreements. The obligations accepted by North Viet-Nam under the 1954 Agreement on the Cessation of Hostilities in Viet-Nam had not been fulfilled: that country's forces had not been regrouped north of the 17th parallel, nor had the promise to withdraw all forces from Laos been respected. In fact, the Hanoi Government had openly supported an organization with the avowed mission of stepping up the revolution in South Viet-Nam, had constantly sent supplies and materials for the purposes of that mission into South Viet-Nam, had armed, trained and equipped 30,000 men for hostile operations in that country and, during 1965, had infiltrated approximately 26,000 men into South Viet-Nam. The number of regular units of the army of North Viet-Nam in the South currently exceeded seventeen regiments. Moreover, in 1966, North Viet-Nameese troops had begun to use the demilitarized zone, in defiance of the Geneva Agreements, as an avenue into the northern part of South Viet-Nam. The International Commission for Supervision and Control had in 1962 confirmed that unarmed personnel, arms, munitions and other supplies had been sent from North Viet-Nam with the object of supporting and carrying out hostile activities against the armed forces and administration of South Viet-Nam and with the intention of overthrowing that administration. In 1965, an investigating team of the International Commission for Supervision and Control in Laos had confirmed the continued presence in that country of troops of the armed forces of North Viet-Nam and the statement of the representative of Laos to the First Committee (1395th meeting) during the twentieth session had provided further proof of that fact.

14. Such repeated violations of the spirit and letter of the Geneva Agreements had induced his Government and others to respond to requests for defensive military assistance by the Republic of Viet-Nam. Only in 1965, when infiltration from North Viet-Nam had been going on for six years, had the military forces of the United States begun to engage in combat operations and help to establish bases for those operations. That action had been taken in the belief that the United States had a moral and legal obligation to protect the right of self-determination and non-interference in the internal affairs of others. The right of the people of North and South Viet-Nam to decide their destinies was fully accepted by his Government.

15. The important issue at the moment was not to assign blame, but to secure recognition that all parties had a responsibility for setting up the machinery for bringing about a cessation of hostilities and laying the foundations for an honourable peace. All Governments and all peoples appeared to hold at least one opinion in common: that the essential principles of

the Geneva Agreements should be reaffirmed and carried out. The United States had been urged to take the first step by ordering a unilateral halt to the bombing of North Viet-Nam, but it was not encouraged by the experience of its previous suspension of bombing, when the only response to its peace initiatives had been the continued infiltration of men and materials and continued acts of violence within South Viet-Nam. The United States, as its representatives had repeatedly indicated, was prepared to take the first step, provided that it was assured that corresponding steps were promptly taken to reduce or bring to an end military activities against South Viet-Nam. It recognized that, while every country had a responsibility for seeking a peaceful solution to the conflict, the chief obligation rested with those actually engaged in the conflict. Nevertheless, there was little indication that any other party had made proposals that would allow the people of South Viet-Nam to choose their own future, whatever that might be, free from outside coercion. It would be helpful and instructive if all nations could give an account of any action or initiative their Governments had taken or promoted to further the aim of peace in Viet-Nam.

16. No responsible statesman now held the view that efforts to secure peace might be construed as evidence of a weakening determination by the opposing side. It was his hope that all capitals of the world would show their willingness to preserve mankind and civilization, and to permit people to work for the solutions to the injustices and inequalities with which the Committee was concerned.

17. Mr. MAKEEV (Union of Soviet Socialist Republics), speaking in exercise of the right of reply, expressed regret that the representative of the United States had taken the floor in the Second Committee in order to express the United States view of the history of factual developments in Viet-Nam, rather than outlining the attitude of his Government to questions included in the agenda of the Committee; for example, the question of how the United States was implementing the recommendations of the United Nations Conference on Trade and Development (UNCTAD) or how it proposed to implement them.

18. The representative of the United States had seen fit to devote a major part of his statement to an effort to shun the responsibility for the aggressive war the United States was waging in Viet-Nam, to lay the blame at somebody else's door by making it appear that it was not the United States but the Democratic Republic of Viet-Nam that had violated the Geneva Agreements and was well-nigh the aggressor.

19. The Soviet delegation considered it its duty to refute those assertions and that gross misinterpretation of history and the facts, as well as the defamation of the Democratic Republic of Viet Nam. It was well known that there were no troops in Viet-Nam other than those of the United States and their allies.

20. It was common knowledge that the flagrant intervention of the United States in the internal affairs of Viet-Nam was part of the current over-all policy of Washington which was aimed at suppressing any tendency towards genuine freedom and independence that did not suit the ruling circles in the United States.

The aggression in Viet-Nam was part of a crusade by those ruling circles against the national liberation movement, as well as an attempt to reverse history and to keep the people of that Asiatic country in neo-colonial slavery.

21. The peoples of the world were alarmed to see that the United States was trying to assume the role of a judge deciding on the destinies of nations, laying down as he saw fit the system of government that the peoples of other countries ought to choose, and deciding whether or not the people of a country might begin a war for their national liberation, carry out social changes, or overthrow a régime of puppets. Public statements by the Secretary of State and General Taylor were clear evidence of the fact that the existing reactionary régime in South Viet-Nam was being maintained in power by the United States primarily to crush the national liberation movement. Opponents of the United States policy of setting itself up as the judge of people's destinies, such as Senators Fulbright and Church, had drawn a parallel between such actions and those used in the past by great empires and had pointed out that in South-East Asia, as in the Dominican Republic, it was a mistaken policy to endeavour to prevent popular revolution, which was the only means available to the people of ending foreign and domestic oppression and for which a country's people would obviously fight until final victory was achieved.

22. His country was opposed to the exportation of both revolution and counter-revolution. The United States, however, although it was a party to the Declaration on the Inadmissibility of Intervention in the Domestic Affairs of States, and the Protection of Their Independence and Sovereignty (General Assembly resolution 2131 (XX)), was actively intervening in what the late President Kennedy had described as a civil war; the argument that the liberation struggle in South Viet-Nam was being waged by outsiders was effectively exploded by the admission by many United States journalists, one in particular, that a high proportion of the Viet-Cong forces had been born and had grown up in South Viet-Nam. Moreover, if that struggle was branded as aggression, it would be necessary to describe the movements which had led to the independence of almost all the Latin American countries, and of the United States itself, in similar terms.

23. The representative of the United States had stressed that his country had no selfish interests in South Viet-Nam. The facts published about the United States economy, however, told another story. The military action in Viet-Nam was absorbing surplus productive capacity and the escalation of the war in 1965, with the consequent expansion of the defence industries, had brought about a 20 per cent increase in corporation profits.

24. The solution to the conflict was both obvious and simple: It would be in the interests of universal peace if the United States strictly adhered to the Geneva Agreements on Indo-China, that they stopped, unconditionally and irrevocably, bombing the territory of the Democratic Republic of Viet-Nam, withdrew its troops and those of its satellites, dismantled its military bases in that area, recognized the National Liberation Front as the only true representa-

tive of the people of South Viet-Nam and allowed the Viet-Nameese people to manage their domestic affairs themselves. The world expected the United States to respond, not merely with words, but with concrete deeds.

25. Mr. NENEMAN (Poland), speaking in exercise of the right of reply, said that the previous speaker had dealt adequately with the political and moral aspects of the Viet-Nam conflict which his delegation, in its general statement, had left aside in order to stress the devastating effects of United States aggression on the modest agricultural and economic potential of a small country. He pointed out, however, that the statement of the United States representative contained no reference to the legitimate rights of the people of Viet-Nam to unity and independence.

26. The passages cited by the United States representative from the so-called report of the International Commission for Supervision and Control were misleading because that document had not been signed by all the members of the Commission and, as such, under the Geneva Agreements, it could not be considered to be a report of the Commission.

27. The new peace initiatives of the United States should be treated with caution, since each such initiative tended to be followed by increased military involvement. Indeed, that tendency had been the subject of recent editorial comment in an authoritative United States newspaper, which had remarked on the futility of making peace overtures to Hanoi, while at the same time continuing hostilities in South Viet-Nam. It was instructive to compare the deeds of the United States Government with the words of its representatives.

28. Mr. PEREZ LOPEZ (Mexico) said that the results expected of the first half of the United Nations Development Decade had not been achieved. That was the most significant economic fact that the Committee must examine. In spite of the efforts made both by the industrialized countries and the United Nations family, the developing countries were still lagging far behind the developed ones. Agricultural production in the former countries was increasing at a rate substantially lower than the growth rate of the population. At the same time, they needed larger amounts of foreign exchange in order to finance imports of capital goods.

29. Although Mexico had obtained increasing amounts of foreign capital since 1950, the general flow of capital from the developed to the developing countries had begun to level off. The latter countries realized that some of the former had difficulties with their balance of payments but they should not allow such difficulties to reduce the flow of resources to the poorer countries. The problem of external financing had been closely studied during the past year and the analysis that had been made led inevitably to the discouraging conclusion that the import capacity of the developing countries had become entirely dependent on their export earnings. Given the close relationship between the importation of capital goods and economic development, the reduction of the trade deficit of the developing countries during the past five years had been achieved at the cost of a contraction in their growth.

30. Such had been the situation in Latin America as a whole. Its share of world trade had been reduced and the increase in its per capita national product had fallen from 3 per cent in the post-war years to 1.6 per cent in recent years. To remedy that situation, various countries of Latin America, including Mexico, were engaged in creating a regional common market. Mexico was gratified that the problems of regional integration would be tackled by UNOID. It was also pleased that in resolution 1183 (XLI) the Economic and Social Council had recommended a study of the economic factors affecting the ability of developed countries to transfer maximum financial resources to the developing countries. By any standard, the magnitude of financial assistance to the developing countries was inadequate and, if the trend continued, their economic advancement would be seriously retarded.

31. The trade picture was also discouraging. In spite of the principles and recommendations adopted by the first session of UNCTAD, the industrialized countries had not significantly changed their policies so as to allow the developing countries to increase their foreign exchange earnings through expanded trade. The report of the Secretary-General of UNCTAD^{2/} was a clear illustration of the difficulties which the developing countries had experienced as a result of the failure of the developed countries to implement the decisions taken at the first session of the Conference. For example, in spite of the recommendation in favour of general and non-discriminatory preferences for the developing countries, the developed countries had intensified regional preferences, a trend which had been followed by other countries. Thus, the five Latin American countries which had recently signed the Declaration of Bogota (see A/6410) had stated that, until a general system of preferences was applied, they would consider the desirability of establishing a special preferential system in the American hemisphere.

32. The developing countries had made enormous efforts to further their economic development and mobilize their own resources but, in many cases, the main limitation had been the inadequacy of external aid. On the domestic level, economic planning was essential for formulating and clarifying economic and social objectives, for achieving a better balance between the main sectors, and for bringing about the necessary infra-structural changes. Unfortunately, most of the developing countries had reached only the planning stage; they lacked the means of implementation. Nevertheless, in spite of the difficulties involved, the problems of planning must be tackled and in that respect Mexico attributed great importance to the establishment of the Committee for Development Planning.

33. There was no lack of resolutions pinpointing the difficulties and setting forth the principles of solving them. What was required was the will to translate those principles into the day-to-day realities of national policy. Undoubtedly, the developed countries were in a much better position to make the necessary readjustments; without requiring reciprocity. Most of

^{2/} Document TD/B/82 and Add. 1-4.

them could take the measures that had been requested of them without any adverse effect on their economies.

34. Mr. M'BAYE (Guinea) said that, in spite of such encouraging signs as the enlargement of the Economic and Social Council, the establishment of UNCTAD, the consolidation of the Expanded Programme of Technical Assistance and the Special Fund, and the creation of UNOID, the plight of the developing countries had actually become worse. It might be asked whether the structural transformations that had taken place in the United Nations really reflected a determination on the part of the international community to make radical changes in the world economy or whether they were designed as a sop for the developing countries whose demands were becoming louder and louder.

35. In any event, his delegation could only note the existence of a deep chasm between the bold decisions adopted in the various United Nations bodies and the gloomy situation facing the developing countries. All available statistics showed how their economies had stagnated in recent years. They were importing less capital from abroad; their burden of debt had become heavier; their development programmes had been retarded; the prices of their primary commodities continued to slump. His delegation hoped that the efforts now being made by the International Bank for Reconstruction and Development would result in the stabilization and revaluation of the prices of primary commodities guaranteed by a system of compensatory financing.

36. Of course, bilateral and multilateral aid was essential for accelerated development, but the determining factor remained the mobilization of domestic resources. That required an effective control of all economic sectors such as Guinea had exercised since its accession to independence. Guinea had chosen a non-capitalist path to development but had left the door open to private investments which were perfectly protected by the national investment code. One of Guinea's basic aims was to build solid foundations for an independent economy. To achieve that aim it had adopted a policy of self-reliance. It had put into practice an agricultural plan designed to raise the level of living of the agricultural workers who represented 80 per cent of the population. Indeed, a veritable agricultural revolution was in progress. At the same time, Guinea had launched a seven-year plan designed to place it on a sound industrial footing through the exploitation of its immense natural resources.

37. Believing that industrial development constituted one of the key solutions to under-development, Guinea had participated actively in the establishment of UNOID, which, it hoped, would play a central role in accelerating industrial development in the developing countries. To achieve that aim, UNOID should possess the necessary financial resources and co-ordinate its work properly with all other members of the United Nations family.

38. The first two years of UNCTAD's existence had been disappointing. It had not yet succeeded in translating the decisions of the first session of the Conference into actual facts. The next session of the Conference must transcend academic debate and

enter the practical field of negotiations. The developing countries should discuss first among themselves their basic needs and come to the Conference with their priorities clearly established. The negotiations at the Conference should result in the conclusion of international agreements. Naturally, before such agreements could be reached, the necessary political determination must be shown.

39. Finally, his delegation would support any draft resolution aimed at the establishment of a United Nations capital development fund. The consolidation of the Expanded Programme of Technical Assistance and the Special Fund was a step in the right direction.

40. Mr. BRADLEY (Argentina) considered that the date which had been fixed in principle for the second session of UNCTAD was extremely unfortunate. It clashed with the twenty-second session of the General Assembly, with the annual meetings of the IMF and the International Bank, and with the resumed summer session of the Economic and Social Council. After a careful evaluation of all the factors involved, a new date should be fixed so that the Trade and Development Board and its Committees would have more time to prepare for the Conference, in particular the items for its agenda. The first session of the Conference had done quite enough in the way of formulating principles and concluding organizational arrangements. To return to the principles and the recommendations would only lead to frustration. The second session of the Conference must seek to solve a small number of specific problems which experience had shown to be the most urgent. Otherwise, it would become the scene of academic debates and sterile political arguments.

41. For Argentina, the problems involved in the world production of foodstuffs and their marketing were of vital importance. On that subject, following the initiative of the Argentine delegation, the General Assembly had unanimously adopted resolution 2096 (XX). He was confident that the conclusions of the studies recommended in that resolution would lead to a solution to the terrible problem of hunger which affected two thirds of the world's population. A series of basic measures must be formulated and their application required only political determination on the part of certain countries. An increase in agricultural production in the developing countries through adequate technical assistance and substantial investment was one method. Another of equal importance was the maximum utilization of the productive capacity of the temperate-zone countries. However, in order to do that, incentives must be given to food production and the protectionist and anti-economic policies followed by certain countries must be abandoned. There again the major difficulty was finance. Important land reform projects were costly, time-consuming and unattractive to private investors. The United Nations Development Programme, to which the Argentine Government attributed great importance, might fill the gap.

42. His delegation had always been somewhat puzzled by the item entitled "Permanent sovereignty over natural resources". In its view, sovereignty must always be permanent and natural resources must always remain in the hands of the State as long as it

existed. The way in which natural resources were utilized was a matter solely for the Government and citizens of the country concerned. The participation of private foreign capital was a subject for bilateral agreement after negotiation between the interested parties. The legislation of each country and the special agreements entered into would provide the assurances of mutual security relevant in each case.

43. Argentina had played an active role in the discussions leading to the establishment of UNOID. The draft resolution based on the compromise reached in the Ad Hoc Committee on UNOID (see A/6229, para. 11) was an effective document which would enable the new Organization fully to discharge its duties. Any change now made in the text could only weaken it. While grateful to those countries which had offered their capitals as possible sites for UNOID, his delegation felt it would be most unwise to establish its headquarters away from the centres now occupied by the United Nations family.

44. Mr. KARIM (Afghanistan) said that the situation during the second half of the United Nations Development Decade was far from satisfactory. The goals set for the Decade were far from being achieved. The economies of the developed countries prospered while those of the developing countries remained almost stagnant. The gap between the rich and poor nations was even wider. The developing countries were doing their utmost to raise their standards of living but the success of the Decade depends to a large extent on more international co-operation and assistance.

45. An accelerated flow of capital and technical assistance to the developing countries was vital. Before those countries could industrialize, they needed capital and trained personnel. Although the flow of capital and reinvestment had increased in recent years, its distribution still remained uneven, and countries with the lowest per capita incomes sometimes received less per capita assistance than countries with higher per capita incomes. Foreign aid was still inadequate and the terms on which it was granted were unsatisfactory. The burden of debt on some developing countries was becoming even heavier. The establishment of the United Nations capital development fund would do much to remedy those difficulties.

46. Afghanistan was receiving greatly appreciated aid from UNDP and a number of friendly countries. But its problems were great and the aid was still only marginal. One method of ensuring the steady development of the developing countries was to improve their terms of trade. The United Nations Conference on Trade and Development had clearly revealed the impediments in the way of stabilizing primary commodity prices and expanding the exports of developing countries. Unfortunately, the recommendations of the first session of the Conference had not been implemented. In spite of appeals and recommendations addressed to the developed countries, their markets were still protected against increased imports from the developing countries. Action must be taken to remedy the situation. The road to the normalization of trade was not easy, but his delegation believed that, with good will and understanding, practical formulae beneficial to all countries could be worked out.

47. His delegation earnestly hoped that before the second session of the Conference met, Member States would make an effort to put UNCTAD's recommendations into practice. The Conference could only be really effective once the provisions of the first session of the Conference had been implemented or agreements reached to implement them in the future.

48. Finally, his delegation welcomed the establishment of UNOID and hoped that it would strengthen the industrial activities of the United Nations system.

49. Mr. HADJIMILTIS (Cyprus) said that the United Nations Development Decade was the culminating point in man's struggle to conquer poverty, hunger and disease. A new concept of freedom had emerged, namely, the belief that genuine political independence could not be achieved without economic progress and financial stability. With the gradual disappearance of colonialism, more covert methods of economic exploitation and subjugation were emerging, and developing countries were not yet permitted their fair share of the resources required for a comprehensive programme of economic and industrial development. Their needs in the fight against want were staggering: they had to obtain investment capital, utilize domestic resources, expand and stabilize their trade, diversify their economies and integrate their economic activities into the framework of regional and international co-ordination. In addition, obstacles to economic growth, such as the inequity of income distribution and rapid population growth, had to be eliminated as rapidly as possible.

50. The gratitude and appreciation of countries which had benefited from the wide range of United Nations economic activities testified to the Organization's truly impressive achievements. That success should be consolidated by future efforts, among which the establishment of UNOID occupied a position of prime importance. It was to be hoped that those efforts would be realistic and balanced and would avoid the mistakes of the past.

51. The economy of Cyprus had shown considerable progress in 1965. Substantial improvements had occurred in all sectors of the economy, and the gross national product had increased by about 20 per cent over 1964. Agricultural production and exports had reached record levels, mineral production had risen significantly, and the tourist industry had made a good recovery from the decline caused by political disturbances in previous years. The balance-of-payments situation was favourable. There had been a significant improvement in employment, and the over-all expansion of economic activity gave rise to an optimism. The situation was all the more satisfactory in view of the well-known pressures and difficulties with which the Cypriot Government had been faced.

52. The Cypriot delegation would continue its efforts both to promote the welfare of its people and to contribute to international economic co-operation.

53. Mr. PARDO (Malta) said that there was a clear relationship, recognized in Article 55 of the United Nations Charter, between the twin purposes of maintaining international peace and security and of achieving international co-operation in solving econo-

mic, social, cultural and humanitarian problems. The lack of progress in the first direction had not strengthened the smaller countries' faith in the United Nations, and it was doubtful whether its record was very much better in the second.

54. The stagnation of international aid which had occurred despite the increased per capita incomes of developed countries could only be eliminated by an intelligent definition of, and approach to, its causes. In the view of the Maltese delegation, those causes were, principally, the rising expenditure on armaments and on economic and social programmes in the developed countries. The Second Committee could do little to reduce world expenditure on armaments, although studies and resolutions might have more impact if they concentrated on the effects of such expenditures rather than on the economic and social consequences of disarmament.

55. The greater awareness among developed countries of the need to further world economic and social development also tended to encourage an expansion of their own health, educational and welfare programmes. Thus, resources which might have been invested in developing countries were channelled to depressed or backward regions within the donor country itself. There was every possibility that that process might be accelerated, since development programmes tended to snowball and, while greater social consciousness on the part of Governments was to be welcomed, there was little hope in the immediate future of an increase in the flow of capital resources to the developing countries.

56. Nor had the United Nations been any more successful in providing practical advice to Governments in solving their serious and pressing problems. For example, Economic and Social Council resolutions 976 (XXXVI), 1086 (XXXIX) G and 1139 (XLI) established fields of priority and complicated guidelines for action and recommended Governments to allocate an increased proportion of their national resources to specific areas; unfortunately, those resolutions were of little practical assistance to many countries and did not contain information as to how and where the additional sources required could be obtained. In addition, it was almost a mathematical impossibility for Governments simultaneously to devote increasing proportions of their national resources to the wide range of areas covered by such resolutions.

57. Similar confusion and irrelevance were apparent in the work programmes of the United Nations and the specialized agencies, which were all too often completely unrealistic. The Social Commission was one of many examples: its diffuse work programme appeared to overlap largely with that of many specialized agencies, while the Economic and Social Council had recommended that it should give special attention to a number of studies which appeared to have no relevance to its objectives. Despite their increased activity, the specialized agencies, too, did not always establish work programmes and objectives which helped to identify and analyse vital issues in their respective fields. Thus, for example, little or no importance was attached by the United Nations Educational, Scientific and Cultural Organization to academic cities, or by the World Health Organization

and the Food and Agriculture Organization of the United Nations to contagious bacterial drug resistance. The Council must therefore give over-all direction to the United Nations system, by recommending, when appropriate, that priority consideration should be given to vital matters or by recommending the replacement of existing programmes approved by the specialized agencies by others more closely related to the resources and needs of Member States.

58. The Council was hampered in that respect by an enormous, yet, paradoxically, sometimes insufficient, amount of documentation and by an agenda which was always over-loaded. But a reduction in documentation and in the number of agenda items depended on fewer and less complex programmes. There was also a complex interaction of special interests both within and outside the United Nations system which made it almost impossible to concentrate available resources on vital programmes. Decision-making became confused and contradictory, leading to the rapid proliferation of activities and administrative machinery, which then became more difficult to co-ordinate. In that connexion, it was significant that the Secretary-General had proposed the construction at Headquarters of a new office building, the resources for which would have to be provided by Member States, many of which could ill afford them. Deficient decision-making in the economic and social sectors detracted from the prestige of the United Nations and bred doubt regarding the relevance of its economic and social work.

59. Co-operation in the field was undoubtedly the most valuable of all the many activities of the United Nations family and its main link with reality. The Maltese delegation therefore attached particular importance to the technical assistance and pre-investment efforts of the United Nations. Those activities must be viewed in the general context of international aid, which could be broadly divided into private, governmental and international. Over-all aid throughout the world was inadequate and the recipient countries were never certain either of the total amounts or the specific type available to them. Procedures and conditions for the granting of aid varied widely: governmental aid was usually tied, aid from international financial institutions sometimes required the recipient country to undertake measures which were not always politically possible, and assistance from the United Nations family was often given only for very restricted purposes. The need for recipient countries to make the most efficient and rational use of the resources available was often stressed, but that was often extremely hard to do owing to the practical difficulties facing many Governments. In view of the chaotic state of world economic aid, it was surprising, not that there was waste, but that a substantial part of the assistance given was in fact well utilized.

60. It was doubtful whether the United Nations family was providing the necessary guidance for recipient countries. It launched many small programmes designed for limited and specific needs, the overhead costs of which were usually very high in proportion to the limited amount of aid provided. The regular programmes of the United Nations and some specialized agencies were also restricted in scope and

value. Although the activities of autonomous organizations, such as UNDP, the United Nations Children's Fund and the World Food Programme were somewhat more satisfactory, they were also subject to financial, constitutional and policy limitations.

61. The value of UNDP as a wide-ranging and highly concentrated assistance programme was being threatened by a number of recent developments. An increasing proportion of its funds was being allocated to regional and inter-regional activities; there was a tendency in United Nations organs, including the Economic and Social Council, to suggest directly or indirectly that part of its funds should be earmarked for certain specific activities; it was regarded as a source of funds for a wide variety of global projects, which seriously limited the resources available for priority requests from individual countries; and the proposal to transform the Special Fund component of the United Nations Development Programme into a capital development fund would spread its resources too thinly. It was therefore uncertain whether UNDP could continue to provide aid which was not tied to specific countries, projects or purposes. Nor was the task of Governments facilitated by the apparent lack of interest on the part of the United Nations in streamlining its complex and increasingly rigid aid machinery.

62. In advancing those criticisms, the Maltese Government was not actuated by any destructive or selfish motives: it sincerely believed that the Organization was indispensable in the modern world. But it was a fact that the United Nations was becoming

less and less effective in achieving its political as well as its economic objectives. That increasingly serious situation should be remedied, firstly, by taking realistic steps to relate its activities to present and prospective resources. Proper priorities should be established and programmes which were not vital should be ruthlessly eliminated. That task, which required a detailed knowledge, hitherto lacking, of all available resources, programmes and activities, might in due course become the main function of the reconstituted Committee for Programme and Co-ordination. Secondly, the major aims of the Organization must be defined in terms of specific and practical objectives. The Charter and the constitutions of the specialized agencies were drawn up in broad terms and must be interpreted realistically in the light of present needs and resources. Thirdly, the work programme drawn up by various specialized organizations to carry out those specific objectives must be discussed, modified and, if necessary, periodically revised by a central body, which could only be the Economic and Social Council. Flexible and realistic guidelines should be laid down, taking into account not only resources and objectives but also closely related political factors, which were a major element in achieving economic progress.

63. Those and other practical steps would enable the Council to concentrate United Nations resources on areas of immediate relevance to individual Member States.

The meeting rose at 6.40 p.m.

United Nations
**GENERAL
ASSEMBLY**

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1038th
MEETING**

Wednesday, 19 October 1966
at 3.5 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

GENERAL STATEMENTS (concluded)

1. Mr. PESHKOV (Byelorussian Soviet Socialist Republic) said that the Second Committee could only tackle the increasingly complex and difficult problems before it by trying harder to achieve international co-operation and to define the factors underlying the world economic situation. The general debate had a valuable and essential role to play in that connexion.
2. Many speakers had justifiably referred to the pernicious economic effects of the aggressive war being waged by the United States in Viet-Nam. The Byelorussian delegation resolutely condemned that aggression, which violated the principles of the United Nations Charter and prevented the development of normal international economic relations.
3. Growing military expenditure in the capitalist countries, leading to inflationary pressures, higher taxes and the depletion of natural resources, was having an adverse effect on the financing of economic development. The inflationary spiral in almost all the developed market-economy countries would not be reversed until those countries cut their expenditure on armaments, which was reflected in balance-of-payments deficits and the diversion of material and human resources for military purposes.
4. Since embracing socialism, the Byelorussian SSR had overcome its former economic backwardness and its industrial output was now more than thirty times as great as twenty years before, despite the loss of one fifth of its population and more than half of its national wealth in the Second World War. The seven-year economic plan which had expired in 1965 had generated a 110 per cent growth in industrial production. More than 300 major industrial plants and shops had been put into operation, and the Byelorussian industrial goods were now exported to more than seventy countries. There had also been significant advances in agriculture, technology and training. More than 60 per cent of all those employed in Byelorussian industry now had secondary, specialized or higher education. The 1966-1970 five-year plan provided for accelerated rates of industrial growth, especially in the electrical, chemical and oil industries.
5. As was confirmed by the experience of the newly independent countries, adequate growth of the gross domestic product required the complete elimination

of all vestiges of colonial dependence, both political and economic. The United Nations and its agencies should therefore assist developing countries in such areas as economic planning, industrialization, radical land reform, training of national cadres, establishment of government control over foreign capital, and strengthening of the State sector. Those countries must be given every opportunity to expand their industries by mobilizing their domestic resources and diversifying their economies. They should have wider access to the world market. In order to eliminate the vestiges of colonialism, all countries must be able to exercise the inalienable right to permanent sovereignty over their natural resources, which implied control over the activities of foreign investors, the elimination of discriminatory financial policies and the revision of inequitable agreements. The United Nations should help the developing countries to exercise that right and to prevent external interference.

6. International co-operation was also important for economic development. In that connexion, it was significant that the socialist countries had expanded their trade with the developing countries, while the developed market-economy countries continued to ignore the recommendations of the United Nations Conference on Trade and Development (UNCTAD) by maintaining such obstacles as import quotas, high tariffs, discriminatory barriers and even, in the case of the United States vis-a-vis Cuba, an economic boycott.

7. Economic and technical assistance should be provided in conjunction with national economic plans and should help the recipient countries to establish domestic industry, improve the technology and structure of their agriculture, and train national cadres. Clearly, it must not serve as a means of interfering in the domestic affairs of developing countries, nor should it be subject to any political, economic or military conditions. The United Nations Organization for Industrial Development (UNOID) should play an important part in helping developing countries to industrialize and in ensuring that more of the available resources from the United Nations technical assistance programmes were allocated for industrial development.

8. Another important aim was to carry out land reform in the interests of the tillers of the soil. Effective reform would promote agricultural growth, the expansion of internal markets and domestic capital formation. The United Nations should study and publicize the experience of different countries in the field of land reform, and recruit experts from different countries to work on that matter. The United Nations and its

agencies should tackle the problem of land tenure and not confine its activities to purely technical matters.

9. There had been some encouraging developments in regional co-operation. Unfortunately, however, effective co-operation in the Economic Commission for Europe (ECE) between countries with different social systems was prevented by the opposition of Western countries to the participation of the German Democratic Republic, a modern and highly developed industrial State which extended technical co-operation to a great many countries. The participation of the German Democratic Republic in the work of the ECE would enable it to function as an effective instrument of economic co-operation.

10. There were serious defects in the activities of the United Nations Development Programme (UNDP); it did not make an effective contribution to economic development, since its resources were used mostly for pre-investment and infra-structural projects, many of them being of minor importance. The unused resources of UNDP, which totalled \$403 million, including more than two year's contributions from the Byelorussian SSR, should be applied to investment proper in industrial projects. The problem was not one of inadequate resources but one of unwillingness on the part of the Programme's administration.

11. The aid provided by socialist countries was the fruit of the labour of their peoples. That of the capitalist countries, who were responsible for the present economic plight of the developing countries, was part of the proceeds of long colonial exploitation; their aid was negligible compared to the advantages they derived. The developing countries' claim that they should be compensated for the harm done them during the colonial era was therefore fully justified.

12. The need to accelerate economic development adequately and to halt the outflow of capital from developing countries was urgent. The Secretariat should therefore prepare a general report covering all forms of the outflow of capital from developing countries, such as the distorted prices of international trade, excessive profits from capital investments, high interest on loans and credits and costly freight and insurance rates. In studying ways and means of halting the capital outflow, the Secretary-General should be assisted by comments and suggestions from an international group of experts. The increasing outflow of capital and the slowing down of economic development were a direct result of the excessive profits reaped by foreign monopolies from the exploitation of the developing world's natural resources; for example, the profits of United States private capital investment in Asia, Africa and Latin America between 1960 and 1964 amounted to some \$10,000 million. Nor was the exploitation confined to material resources: international monopolies often enticed specialists away from developing countries. Foreign private capital in many developing countries was therefore hampering the implementation of General Assembly resolution 1710 (XVI) which called upon States Members of the United Nations to pursue policies designed to ensure to the developing countries an equitable share of earnings from the extraction and marketing of their natural resources by foreign capital.

13. Assistance from such countries as the United States and the Federal Republic of Germany was being provided on political terms and increasingly harsh financial terms for the recipient countries; in some cases, for instance, in South Africa, the Portuguese colonies and Southern Rhodesia, it directly contravened United Nations resolutions. The United Nations must therefore study all the factors underlying the present abnormal situation in international economic relations and take firm action to ensure the implementation of its resolutions on economic matters.

14. Mr. RAMAHOLIMIHASO (Madagascar) felt that the United Nations should review and reappraise the United Nations Development Decade for the purpose of highlighting its achievements and evaluating the work still to be done. In resolution 1089 (XXXIX), the Economic and Social Council had requested the specialized agencies to review their work programmes and to explore the possibility of formulating future programmes of action and, if possible, to make projections over the next five years with a view to identifying areas in which their organizations could make their maximum contribution. For the purposes of that study, the essential problems of concern to the developing countries remained the stabilization of primary commodity prices, industrialization and the financing of economic development.

15. Neither the target figure of 5 per cent as the minimum growth rate of the developing countries, nor that of 1 per cent as the percentage of the gross national product of the developed countries which should be transferred to the developing ones had been achieved. A profound and radical reform of commercial and economic systems was therefore necessary. The countries of the Third World continued to suffer from a decline in their terms of trade. Although in 1964 the prices of primary commodities had recovered markedly, the exports from most developing countries consisted mainly of a small range of products and considerable fluctuations had occurred in the prices of each. Thus, the producing countries lived in fear of price fluctuations on distant markets over which they had no control. They sought the establishment of fair and remunerative prices and considered that the inexorable rule of supply and demand was outdated. They also wished to stress the unfavourable effect of synthetic products. The effective organization of primary commodity markets would provide one solution to the problem of under-development. Floor prices should be studied for the main products and an international scheme of compensatory financing should be introduced. Furthermore, consideration should be given to the establishment of a fixed relationship between the price of manufactured goods and the price of raw materials.

16. Industrialization could also help to offset the deterioration in the terms of trade. It should be carried out methodically and rationally with proper regard for the circumstances of each country. Science and technology should also play their role for it was necessary first of all to modernize the means of production and agricultural techniques. In that respect, the example of Japan and Israel was instructive. The local processing of raw materials certainly involved some difficulties but it was a necessary stage in the

industrialization process; at least, it enabled the developing countries to establish industries capable of satisfying domestic consumption while resisting competition from manufactured imports. Industrialization should, of course, include light industry and even artisan activities since they helped to produce essential goods, improve the trade balance, create employment and make for a better distribution of income.

17. Such preoccupations had been reflected in the establishment of UNOID and the proposal to hold an International Symposium on Industrial Development. His delegation was open-minded on the subject of the headquarters of UNOID and the appointment of its Executive Director, but it hoped that it would be in an industrialized country as was the case for UNCTAD. The new Organization must give proper attention to its public relations and co-ordination functions and also work closely with the regional economic commissions and other regional bodies in the developing countries.

18. No economic development was possible without a sound financial basis; financial assistance was inevitably the corollary of technical assistance. The Bretton Woods Agreements and the charter of the Organization of American States were out of date. The emergence of new countries had thrown fresh light on the balance of power between States. Following the first session of the United Nations Conference on Trade and Development and the studies made by the International Bank for Reconstruction and Development and the International Development Association, a much more realistic view had emerged of the financial difficulties of the developing countries and of the trade preferences that should be accorded to them by the industrialized countries on the basis of non-reciprocity. It was gratifying that the International Monetary Fund (IMF) was planning to raise the total allocated for compensatory financing from 25 to 50 per cent of each member's quota.

19. Mr. TAN Siak Leng (Singapore) said that it was ironic that, although the United Nations Development Decade was more than half over, nothing positive appeared to have been achieved. If the present trend continued, the poor countries of the world might well find themselves paying out as much as the rich countries were lending them. The developing countries must face up to the harsh facts of international life. If they wanted to catch up with the advanced countries of the West they must make a really dynamic effort to modernize. After two decades of independent rule they were steadily falling behind in the race for economic expansion.

20. Some of those countries laid the blame on the population explosion. Some had been too preoccupied with anti-colonialism which had diverted their energies from modernization. Where democratic institutions still survived, some of the developing countries seemed to be caught in the coils of a system which inhibited effective action. No one dared to tell the people frankly that development commanded a price in terms of hard work, sacrifice and social discipline. Another fallacy was the belief that more capital would solve their difficulties. They had thus accumulated

enormous debts and found to their dismay that far from being richer they were poorer.

21. The developing countries must review the manner in which assistance had been used and pay more attention to the kind of economic policy best suited to them. They must determine what incentives would induce their peoples to take advantage of their opportunities. They must consider what new institutions were needed to promote growth. At the same time, they needed aid from the more developed countries on a massive scale and provided in an intelligent way. Such aid was well within the capacity of the affluent countries. A fraction of the money now being spent on armaments could be put to good use in the needy countries. The developed countries should ensure a greater flow of materials, skills and money on easy terms for a substantial period. They must also adjust their own economies and open their markets wider to the goods of the developing countries.

22. Much could be achieved through regional economic co-operation. His delegation welcomed the establishment of the Asian Development Bank and other regional initiatives such as the Asian Institute for Economic Development and Planning, in which Singapore actively participated. It had high hopes in UNCTAD and UNOID.

23. The decentralization of the economic and social activities of the United Nations was of great significance for the developing countries. The report of the Economic and Social Council (A/6303) emphasized the vital role which the regional economic commissions could play in that respect. Their achievements had shown that United Nations resources could be utilized to launch intra-regional and inter-regional activities. Decentralization should be regarded as an effort to achieve greater efficiency with the limited resources available.

24. With its small land area and lack of raw materials, Singapore was vitally dependent on international trade. However, realizing that such trade could never expand sufficiently fast to keep pace with population growth, the Government had embarked on a programme of industrial development. Economic performance had been generally satisfactory and in 1965 the per capita national product had been approximately \$500, the highest in Asia except for Japan. With the resumption of trading relations with Indonesia, Singapore expected to strengthen its economy. It looked forward to a brighter economic future resulting from its policy of non-alignment, under which it intended to trade with all friendly nations, whatever their ideologies, on the basis of mutual benefit and respect.

25. Mr. OKWENJE (Uganda) observed that the main theme of the many meetings held during the previous year to discuss international economic activities had been how to identify the reasons for the international community's failure to achieve the modest targets of the Development Decade, despite the undoubted willingness of both developed and developing countries to co-operate for that purpose.

26. Uganda was doing its utmost to improve its economic performance. It had achieved a growth of 4.5 per cent during the preceding five years and had

set itself the more ambitious target of 7.2 per cent over-all growth in the monetary gross domestic product for its forthcoming second five-year plan. The attainment of that target would call for greater domestic effort and sacrifice to develop all sectors of the economy and minimize the burden which the provision of economic assistance imposed on the United Nations and the technologically developed countries. In the final analysis, however, the success of such efforts depended to a considerable extent on policies pursued by the advanced nations. If the level of capital transfers to the developing countries showed no rise, if their terms of trade continued to deteriorate, if the restrictive measures affecting their exports continued, they could achieve economic development only by imposing almost intolerable burdens on their peoples.

27. Most of the setbacks those countries were experiencing arose directly from the fact that the pledges given at the first session of UNCTAD had not been translated into action. The continuous decline in the prices of the primary commodities on which the revenues of so many developing countries depended was evidence of that. In that connexion, his delegation believed that the existing compensatory financing arrangements of the IMF did not go far enough: they should be extended to cover, not only export shortfalls, but also changes in the terms of trade and should take the form of full transfers rather than fully repayable loans, the charge on the transfers to be defrayed by the developed nations who stood to gain by the transaction. The arrangements would thus become a comprehensive scheme for controlling short-term phenomena.

28. The developed countries had done little to remove trade barriers or guarantee easier access to their markets for the developing countries. His delegation suggested that, to remedy that situation, the following steps should be taken: agreement should be sought through GATT (General Agreement on Tariffs and Trade) on tariff reductions applicable to the developing countries; unilateral preferences should be granted by developed countries to assist the exports of new industries in developing countries; and, until such action was taken, there should be a full or partial reimbursement of revenues from existing tariffs and taxes on primary commodities. Moreover, in view of the dangers inherent in the stockpiling of primary commodities, some machinery should be established for consultation between holders of stockpiles, producers and consumers, to prevent dumping and the resultant drop in commodity prices.

29. Uganda's second five-year plan was the first phase of a long-term scheme to transform the social and economic structure of the country chiefly by increasing production and wealth, diversifying production, and promoting social and economic justice. The plan aimed at doubling per capita monetary income by 1981 and diversifying the economy by a rapid expansion in manufacturing and agricultural output, with industry, excluding crop processing, growing considerably faster than the over-all economy. Like other developing countries, however, Uganda was alarmed at recent trends in aid-donors' policies and the resultant drain on its resources; it would there-

fore welcome the early establishment of a United Nations capital development fund.

30. His delegation warmly supported the establishment of UNOID. With the good will and co-operation of the industrialized countries it would go far towards meeting the Third World's need to industrialize. Industrial development, like all other forms of economic development, was the result of co-operative endeavour, and for that reason Uganda maintained close economic links with the United Republic of Tanzania and Kenya through the East African Common Services Organization. For the same reason, it attached great importance to the work of the regional economic commissions.

31. In conclusion, he paid a tribute to the tremendous work being done by UNDP in strengthening the developing countries' development capacity and co-ordinating assistance activities.

32. Mr. LORENZO FERNANDEZ (Brazil) observed that the general statements had shown a new trend in the developing countries' approach to the problems which they had been trying for so long to bring to the attention of the world: that trend might be described as a sense of disillusionment and wariness, and current world economic developments were such as to make it entirely justifiable.

33. Brazil, while possessing many relative advantages, had experienced all the problems and cherished all the hopes of a developing country. It was striving to make its richer regions pay for the growth of the poorer ones, to stem inflation, to modernize the legal and institutional framework of its economy, to institute comprehensive agrarian reform and to build up its economic infra-structure and heavy industry. It relied heavily on co-operation between the public and private sectors for the development of industry, co-operation with external investors for financing development projects, and co-operation in trade with all countries, including membership in the Latin American Free-Trade Association. Precisely because of that, it was keenly aware that international co-operation was not as effective as it might be, as the record of the Development Decade showed.

34. The situation of the developing countries was probably bleaker than it had been at the beginning of the Decade. While gains at the international level were inevitably slow, much more could be done without undue sacrifice on the part of the developed countries. Per capita income in those countries in the first half of the Decade had increased by \$60 per annum, which was equivalent to approximately one half of the average income per capita in the developing countries, and their expenditure on armaments amounted to the equivalent of half the total gross product of all developing countries. Nevertheless, the rate of international capital transfers had fallen considerably since the beginning of the Decade, at the very time when the rate of population growth and declining food production had begun to threaten such modest progress as the developing countries had been able to make.

35. Trends in the developing countries' trade were slightly more encouraging: their trade was growing yearly, although their share of world trade had de-

clined, and the prices of primary commodities as a whole were less unstable. It was therefore disconcerting to realize that the small increase in the rate of exports had been achieved by holding down the rate of the developing countries' imports to 4 per cent a year, a very unsatisfactory figure. The fact that the debt-servicing obligations of those countries had increased about three times as fast as their exports was a matter of even greater concern to the international community; it was to be hoped that the compensatory financing schemes proposed by the International Bank and IMF would help to remedy the situation.

36. His delegation believed that the way to reverse the current discouraging trends in the world economy might be to apply, at the international level, the mechanisms long utilized in the developed countries for transferring resources from the stronger to the weaker sectors, lessening disparities in income and stimulating the growth of strategic sectors. Only such a drastic approach could produce the combination of means and resources which the problem required.

37. Item 52 relating to the general review of programmes and activities was one to which his Government attached particular importance; it should be dealt with in conjunction with the decentralization of economic and social activities, and the review and reappraisal of the role and functions of the Economic and Social Council. The report of the *Ad Hoc* Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies (A/6343), had contained recommendations on co-ordination which would provide a useful starting point for discussion.

38. The establishment of UNOID fulfilled a long-felt wish of the developing countries. His delegation hoped that the chief source of funds for UNOID's operational activities would be contributions announced at a separate pledging conference. The new Organization should, if it was to be effective, be given responsibility for the promotion of all industrial development activities of the United Nations, without prejudice to any subsequent agreements involving co-operation with the specialized agencies.

39. The draft statute for a United Nations capital development fund^{1/} was generally satisfactory and he hoped that such differences of opinion as still existed could be reconciled.

40. The United Nations Development Programme should allocate a substantial amount of resources to promote the development of industry in the developing countries, for which purpose it should establish a close working relationship with UNOID. His delegation fully endorsed the list of pilot and demonstration projects recently suggested by the administrators of the Programme; there was a need, however, for more equitable participation of the developing countries in the supply of equipment. The assistance given by both components of UNDP to the integrated development of countries and regions was highly gratifying.

41. It was only to be expected that there was disappointment with UNCTAD's achievements so far.

It should be pointed out, however, that there was no categorical opposition to the reform of international trade, but merely an inevitable time-lag between intentions and action on specific issues. The doubts as to methods and concepts could be dispelled by a constructive dialogue.

42. The failure to negotiate international agreements on cocoa and sugar might appear to justify the pessimistic views expressed on the lack of political willingness to implement the recommendations of UNCTAD; it was to be hoped, however, that the International Coffee Agreement would be a precedent for future progress.

43. The second session of UNCTAD would provide the opportunity for a frank analysis of existing problems and, for those who had objections to certain of UNCTAD's recommendations to offer constructive suggestions and alternatives. His delegation hoped that the Conference would take up matters which could not be dealt with by the UNCTAD machinery proper, in addition to the items on which agreement appeared more likely.

44. In conclusion, he expressed the hope that the contribution which full international co-operation could make toward solving international monetary problems would be more fully recognized in the future. Problems such as that of international liquidity required the co-operation of all countries involved in economic development.

45. Mr. ABEMANGO (Central African Republic) said that his country relied exclusively on agriculture and was also land-locked. As a result of its geographical situation, it had decided to concentrate on a survey of its resources, the rationalization and diversification of its agricultural production, the creation of local industries and the development of communications. Satisfactory results had been obtained with its main products—cotton, coffee and ground-nuts—and the Government was trying to diversify agricultural production by encouraging such secondary crops as rubber and tobacco. His Government had also encouraged the growth of local produce such as oil-bearing palms, manioc and bananas. Sisal, timber and cocoa were grown for export. Much had been done to promote cattle-raising and mineral surveys. The Central African Republic was trying to industrialize and also to develop tourism. A new airport was being built at Bangui and improved communications should open up the big-game regions. Such activities revealed the firm resolve of the Government and people to overcome under-development.

46. The Central African Republic encountered numerous difficulties in marketing its products which, for the most part, were not competitive. The prices of such products were in a constant decline and the African countries were being exploited by foreign monopolies. To remedy those difficulties the developed countries must provide continuing assistance free from political pressure. There must be real co-operation between the rich and the poor countries, and markets must be rationally organized in order to stabilize commodity prices. Production must be balanced so as to avoid market saturation, and access to markets for the under-developed countries must be

^{1/} Official Records of the Economic and Social Council, Thirty-fourth Session, Annexes, agenda item 6, document E/3654, chap. III.

guaranteed. Also, the terms of trade of the developing countries must be improved. The serious responsibility of most developed countries must be stressed throughout the twenty-first session of the General Assembly because the present situation might well continue for several years and threaten world peace.

47. The developing countries had not remained idle: they had done their utmost to meet the needs of their peoples at the cost of many sacrifices. The Central African Republic was doing its utmost to fulfil its responsibilities both at home and abroad. Its desire to co-operate at the regional and world level had been well brought out by the Foreign Minister in his address to the General Assembly (1441st plenary meeting).

48. Finally, his delegation hoped that in the preparation of all the documents for the Second Committee the French language would not be neglected.

49. Mr. KHOSBAYAR (Mongolian People's Republic) said that the problems underlying economic development were of the highest importance to all peoples and that their solution would strengthen mutual understanding, peace and progress. International economic co-operation was essential for bridging the economic gap between the developed and the developing countries. Unfortunately, however, normal international economic relations were hampered by the discriminatory policies of some Western countries. The Mongolian People's Republic shared the developing countries' desire to overcome their economic backwardness and to establish their economic independence. While growth rates in the developed countries were high, the target of 5 per cent had not been reached in the developing countries, whose profound disappointment at the results of the Development Decade was fully justified. The United Nations should therefore seek ways and means of correcting the balance.

50. Economic development in the developing countries could best be promoted by industrialization and the complete elimination of the vestiges of colonialism. The experience of many countries had shown that economic diversification and the optimum use of national resources could best be achieved by strengthening the State sector, and it was to be hoped that UNOID would lay sufficient emphasis on that aspect. The new Organization could make an effective contribution to international economic co-operation by accelerating the growth rates of developing countries. Expansion of the State sector would also obviate the excessive profits reaped by Western monopolies from the developing countries, which amounted to some \$5,000 millions, or \$2,000 million more than the additional resources needed for the economic development of the developing countries. The Mongolian delegation shared the view that the United Nations should care-

fully study ways and means of increasing the flow of capital to developing countries.

51. It was unfortunate that the sovereign right of all countries to exercise permanent sovereignty over their natural resources was often violated by foreign monopolies. The United Nations should therefore ensure that developing countries were given every opportunity to exercise that right in their own economic and social interests.

52. The socialist countries were intensifying their economic co-operation with the developing countries on the basis of equal rights and mutual benefits. Their co-operation was furthering those countries' development through the industrialization and diversification of their economies. The socialist countries provided stable markets for the products of the developing countries, enabled them to obtain modern equipment and extended widespread technical assistance for industrial and other projects.

53. Planning was the most effective means of achieving economic growth. The economic and cultural success achieved by the Mongolian People's Republic was a direct result of national plans. Mongolia's new five-year plan provided for accelerated growth rates of 70-80 per cent in industrial production and 38-40 per cent in the farm sector. Real *per capita* income would rise by 16 to 17 per cent over the five-year period.

54. While the effectiveness of economic development depended primarily on the efforts of the countries concerned, the United Nations had an important role to play in accelerating growth. In that connexion, UNDP should place more emphasis on industrial growth and play a more direct role in the financing of industrial projects.

55. International trade was an important factor in establishing normal economic relations and in promoting economic development. Although UNCTAD had adopted a number of important recommendations on the elimination of trade barriers, unfortunately many Western countries had not yet taken steps to implement them. As a result, the countries of Asia, Africa and Latin America continued to experience serious difficulties, and it was to be hoped that the second session of the Conference would secure the rapid implementation of those recommendations.

56. Despite efforts to normalize international trade, some Western countries were still creating international tension and obstructing world progress. The Mongolian People's Republic, like all other-loving countries, condemned the aggressive colonial war being waged by the United States in Viet-Nam, which was inflicting tremendous suffering on the heroic Viet-Nameese people and disrupting the country's economy.

The meeting rose at 6.5 p.m.

United Nations
**GENERAL
ASSEMBLY**

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1039th
MEETING**

Thursday, 20 October 1966,
at 3.5 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 41

Activities in the field of industrial development (A/6433):

b) Report of the Ad Hoc Committee on the United Nations Organization for Industrial Development (A/6229, A/6303, chap. IV, sect. IV; A/6368, A/6369, A/6415, A/6468, A/6473, A/6474, E/4203, chap. XII; A/C.2/L.863 and Corr.1)

1. Mr. FERNANDINI (Peru) said that, as the report of the Ad Hoc Committee on the United Nations Organization for Industrial Development (A/6229) had pointed out, the differences of view on both economic and political matters within that Committee had made its task a long and difficult one and the text of the draft resolution adopted by the Ad Hoc Committee for transmittal to the General Assembly (A/C.2/L.863 and Corr.1) represented a delicate balance of views which left no room for modifications, except on minor points of detail. The reservation contained in paragraph 12 of the report demonstrated how dangerous it would be for any regional group to upset the balance and destroy the basis for agreement that had been so painfully worked out.

2. The preamble of the draft resolution made it clear that the primary object of the United Nations Organization for Industrial Development (UNOID) was to accelerate the industrial development of the developing countries. Section I defined the status of UNOID within the United Nations in accordance with General Assembly resolution 2089 (XX). Section II, operative paragraph 1, described the purpose of the Organization, and a detailed analysis of its functions, which were to include both operational activities and action-oriented studies and research programmes, was given in operative paragraph 2. Detailed provisions on the composition and functions of the Industrial Development Board were contained in operative paragraphs 3 to 13; the decision that the Board should have forty-five members represented a compromise.

3. The new Organization would have a permanent secretariat, headed by an Executive Director (paras. 17-19), and its expenditures would be classified as either expenses for administrative and research

activities or expenses for operational activities, the former to be borne by the regular budget of the United Nations, which would make separate budgetary provision for them (paras. 20 and 21). Operative paragraphs 22 to 24 dealt with the various ways in which expenses for operational activities were to be met; the system for voluntary contributions was extremely flexible, and it was to be hoped that it would be approved without further controversy.

4. The Ad Hoc Committee had borne in mind the need for UNOID to make the most effective possible use of its limited resources and therefore to avoid detracting from or duplicating the work of other organs and agencies. The draft resolution accordingly contained detailed provisions for co-ordination, in which UNOID would play the central role (paras. 27 to 36) and for any institutional changes which might subsequently prove to be necessary (para. 37).

5. The draft resolution represented not only a triumph for the developing countries but a recognition of their needs by the industrialized countries and it was his delegation's hope that it would be adopted unanimously.

6. Mr. FRANCO BRAVO (Colombia) said that UNOID was not the specialized agency which the developing countries were still hoping for, but it would certainly accelerate their industrialization and provide the necessary nucleus for co-ordinating the activities of all international bodies concerned with industrial development.

7. He pointed out that his delegation was interested and had taken part on several occasions in the efforts made to bring about the establishment of UNOID.

8. There were five matters to which UNOID should assign high priority. The first was assistance in the preparation and analysis of pre-investment studies; the developing countries found it extremely difficult to secure the necessary expert evaluation of feasibility studies and of their own industrial promotion machinery.

9. Secondly, UNOID should give special emphasis to the setting up or expansion of technical research institutes which were so important for harnessing natural resources. It should, moreover, encourage the establishment of industrial productivity centres in developing countries to enable them to make the most efficient use of their meagre resources. The assistance UNOID could provide in connexion with the establishment of specific complementary industrial units would be of special importance to countries which were parties to agreements on regional integration, since such arrangements normally involved agreements on complementarity between the industries of the countries concerned. Consequently, the

assistance of UNOID would be of great importance in choosing among those industries; the Governments of Chile, Colombia and Venezuela, for instance, had made provision for such agreements in the Declaration of Bogota (A/6410).

10. Lastly, the assistance UNOID could give in the formulation of industrialization policy in the developing countries would be of vital importance in ensuring that the relative merits of sites, and the availability of manpower and natural resources were properly assessed, and due weight given to such factors as inflation and balance-of-payments deficits. All those aspects should be covered before UNOID concerned itself with vocational training, which was, in any event, being provided by another United Nations body.

11. His country's industrial development was going through a difficult phase: the success of its earlier programmes had resulted in heavier domestic demand and a consequent need for new basic industrial projects, which were difficult to undertake because of the shortage of foreign exchange. It therefore urgently required the kind of co-ordinated assistance which could be provided by UNOID and the United Nations Conference on Trade and Development.

12. His delegation supported the draft resolution of the *Ad Hoc* Committee on UNOID and was prepared to withdraw its reservation (see A/6229, para. 12) on the understanding that the composition of the Trade and Development Board as proposed in the draft resolution, would be maintained. It could not, however, undertake to support any amendments, except in regard to the provisions relating to training in operative paragraph 2 (a), (ix). He appealed to all delegations to maintain the spirit of compromise which had led to the adoption of General Assembly resolution 2089 (XX) and made a special appeal to the developed countries to support and strengthen UNOID by their generous contributions.

13. Mr. FRANZI (Italy) said that, from the outset, the United Nations had neglected the problems of industrial development. The Committee for Industrial Development and the Centre for Industrial Development had done their best, through lack of resources, they had been unable to fulfil their mandates. Efforts to remedy the situation and to found a new organization had culminated in the adoption of General Assembly resolution 2089 (XX), which was the basis of the draft resolution before the Committee.

14. His delegation had not expressed any formal reservations in the *Ad Hoc* Committee on UNOID, but it still felt that the text of the draft resolution could be improved. He hoped that the Second Committee would study it further and make the necessary amendments. While such amendments should be kept within well-defined limits, it seemed advisable for delegations to state their views on UNOID's operations, its specific aims, financial resources, secretariat and main organs.

15. The functions of the new body were set forth in operative paragraph 2 of the draft resolution. While they were described in great detail for the operational activities, for study and research programmes they were outlined much more generally.

Faced with such a broad programme, UNOID must concentrate on operational and technical sectors, direct assistance to Governments and the complete integration of its operational and research activities.

16. One of UNOID's prime functions would be to act as a catalyst in mobilizing external resources on a rising scale for industrialization. At the same time, it must work closely with the other members of the United Nations family and fill the gaps in their activities. It must have a small, flexible, highly-qualified secretariat supplemented for operational or research activities by outside consultants. The structure of the secretariat should be trapezoidal rather than pyramidal, with some 30 per cent of basic staff, 30-35 per cent of intermediate staff and at least 35-40 per cent of highly-qualified staff, the latter in charge of the different departments. It should be modelled not on the example of other secretariat bodies, including those which had recently been set up, but on a firm of consultants. His delegation would like to see a "brain trust" which would give to the complicated industrialization machinery of the developing countries the necessary rhythm and co-ordination.

17. The draft resolution clearly specified that the operational activities of UNOID would be financed by voluntary contributions, while its administrative expenses would be met from the regular budget of the United Nations. In other words, it would continue the practice already followed for special industrial services. The activities of UNOID would be supplementary and complementary to those of other organs. His delegation attached importance to the manner which would be chosen for the pledging of voluntary contributions. In that respect, it was unnecessary to change the relevant paragraphs in the draft resolution.

18. His delegation fully supported operative paragraphs 3 and 4 setting out the composition of the Industrial Development Board and hoped that no amendments would be proposed to them.

19. The General Assembly should adopt the text of the draft resolution as soon as possible so that the new Organization could begin work immediately. Rapid consultations must be held among the regional groups so that the Executive Director could be nominated as soon as possible and confirmed by the General Assembly. His delegation hoped that the first session of the Industrial Development Board could be held at the end of January 1967 after the Governing Council of the United Nations Development Programme (UNDP) had completed its work.

Mr. Boiko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

20. Mr. MUZIK (Czechoslovakia) said that the establishment of UNOID was an event of extraordinary significance. The new Organization should become a centre for international co-operation aimed at accelerating the industrialization of the developing countries, on the one hand, and the exchange of experiences among all countries interested in industrial development, on the other. While the industrialization process was determined in part by the particular social, economic, political and other conditions prevailing in the country concerned, any country with experience of industrialization could, if it wished to

do so, share it with the countries which were now going through that process. In the modern world no country could keep pace with others in all phases of industrial production without an exchange of experiences.

21. Czechoslovakia's industrial production had increased fivefold between 1937 and 1965. Socialist industrialization had brought about significant structural changes in the Czech economy by strengthening the role of heavy industry, particularly engineering. It had also helped Czechoslovakia to solve a problem very similar to the one faced by developing countries, namely, the economic backwardness of such areas as Slovakia. Industrial enterprises were now fairly equally distributed throughout the territory of the Republic. Those changes in the national economy had also had a marked effect on the structure of Czechoslovakia's foreign trade. Machinery, which had accounted for 6 per cent of exports before the war, had risen to 47 per cent by 1964. The export of engineering equipment to developing countries had been growing rapidly in recent years and now totalled 50 per cent of all exports to the developing countries. Of particular importance was the export of complete plants and technological units, not less than 1,000 of which had been built by Czechoslovak enterprises in fifty-six countries in the ten years preceding 1963. Recently, Czechoslovakia had been, in some cases, accepting payment in goods for machinery and equipment delivered on credit; that arrangement should help countries which were interested in bringing about structural changes in the international division of labour from the field of trade into that of production.

22. Czechoslovakia had supported from the outset the idea which had led to the establishment of UNOID. However, it was not fully satisfied with the draft resolution adopted by the Ad Hoc Committee because the Organization should be open to all countries which wished to participate and should promote both the industrialization of the developing countries and the exchange of experience among other countries. Paragraphs 3, 13, 16, 22 (a) and 26 were contrary to the principle of universality and their effect would be to exclude, for example, the German Democratic Republic, one of the world's most highly industrialized countries. Furthermore, his delegation felt that co-operation in the training of staff needed for accelerated industrial development should not be limited to certain countries. Yet operative paragraph 2 (a), (ix) would have that effect, and was, moreover, at variance with paragraph 27 which stated that UNOID should play the central role in reviewing and promoting the co-ordination of all activities of the United Nations system in the field of industrial development, which would also include institutions whose scope of activities was substantially broader. He recalled in that connexion that the last preambular paragraph of General Assembly resolution 2089 (XX) had explicitly taken note of "the widespread desire for a comprehensive organization for industrial development".

23. He reiterated the view, expressed in one of Czechoslovakia's reservations (see A/6229, para. 12), that part of the staff of the Resources and Transport Division of the Department of Economic and Social Affairs concerned with energy and the exploitation

and efficient use of natural resources should be transferred to UNOID. He also drew attention to another reservation made by Czechoslovakia in which the view was expressed that it was not necessary to convene a special pledging conference.

24. The new Organization should be responsible for co-ordinating all the industrial development activities of the United Nations system, but industrial development was only one part of the problem of over-all economic development, which was the province of the Economic and Social Council.

25. The decision of the site of UNOID headquarters would have to take into account a number of factors, the most important of which were the possibility of access to all interested delegations and the effectiveness, at minimum cost, of the work of the secretariat and of UNOID conferences.

26. In conclusion, he drew attention to the amendments (para. 9) which Czechoslovakia, together with three other socialist countries, had submitted to the draft resolution in order to bring about a solution to its shortcomings.

27. Mr. HOGENDORP (Netherlands) recalled that his Government, as a member of the Economic Commission for Asia and the Far East and the Economic Commission for Latin America, had participated in the work of the regional symposia on industrial development held at Manila and Santiago. In preparation for the proposed International Symposium on Industrial Development it had set up, in the Netherlands, working groups composed of scientists, industrialists and government officials which were preparing papers setting forth views on industrial development in developing countries. Those papers would be his country's contribution to that highly important symposium.

28. His delegation realized that the draft resolution adopted by the Ad Hoc Committee on UNOID was by no means perfect, but it had not submitted amendments because it had found that in many cases textual shortcomings such as those in the report were overcome in the course of day-to-day experience. He would like, however, to repeat the view which he had expressed in the Ad Hoc Committee to the effect that the definition "operational activities" could be improved. That expression traditionally related to direct assistance to Governments in the field. The operational activities referred to in the draft resolution, however, related to more general activities which should therefore be financed from the regular budget rather than from voluntary contributions.

29. With regard to financial arrangements, he recalled the statement made by his delegation to the 1966 United Nations Pledging Conference on the United Nations Development Programme^{1/} concerning the contributions made by the Netherlands in 1965 and 1966 for industrial projects to be executed jointly by UNDP and the Centre for Industrial Development on the understanding that the amounts in question would be available for use in addition to, rather than as a substitute for, funds which UNDP would in any case spend on industrial development activities. Those con-

^{1/} Document A/CONF.33/SR.1.

tributions attested to the importance which the Netherlands attributed to the work of the United Nations in promoting the industrialization of the developing countries. At the same time his delegation was conscious of the need to avoid dispersal of effort and maintain a unified approach to development problems. For that reason, the Netherlands took the position that from 1967 onwards UNDP should be the principal source of financing for industrial development projects, and it had increased its UNDP contribution for 1967 by 25 per cent.

30. Mr. NEDIVI (Israel) said that, in creating another autonomous organization, the United Nations faced new problems of co-ordination, as the Secretary-General had pointed out in his foreword to the 1967 budget estimates (A/6305, para. 20). The Industrial Development Board, like many other governing bodies, would be tempted to relieve its frustration at the inevitable slowness of industrialization in the developing countries by a mere show of activity. In that respect the future relationship between UNOID and the International Labour Organisation (ILO) would be significant.

31. The comprehensive charter for UNOID embodied in operative paragraph 2 of the draft resolution should not obscure its primary purpose which was to promote the rapid establishment of processing industries. The resources of the new Organization were too small to allow dispersal. Nor should the mandate to disseminate information on technological innovations and to engage in research be interpreted as a licence for refuge in paper work.

32. The new Organization was not just the Centre for Industrial Development in another guise. Its secretariat should be organized in such a way as to cater to the specific needs of individual countries or groups of countries. Arrangements must be made for an immediate feed-back of information from the field to UNOID headquarters, specifying the requirements of Governments. If necessary, priority must be given to staffing the offices of resident representatives with qualified experts, even at the expense of recruitment at headquarters.

33. The United Nations Economic and Social Office in Beirut was mentioned twice in the draft resolution. His delegation took exception to the practice of lending a quasi-autonomous character to that outpost of the Secretariat. Israel was not satisfied with some of the procedures of the Centre for Industrial Development and particularly with its tendency to give formal weight and substance to the claims of autonomy for the Beirut Office to which Israel had no access. His delegation would resist any attempt to use the machinery of UNOID in a similar manner.

34. Mr. KARMARKAR (India) welcomed the establishment of UNOID which fulfilled a long-felt need of the developing countries. He hoped that the spirit of compromise so evident in the *Ad Hoc* Committee on UNOID would continue to prevail in the Assembly and that the draft resolution would be adopted unanimously.

35. The new Organization had been entrusted with broad responsibilities which it could not discharge unless it had adequate resources. The re-channelling of existing UNDP resources would not solve the

problem. That was why the developing countries were very keen on a separate pledging conference for voluntary contributions to UNOID, and he appealed to the developed countries to reconsider their attitude on that point.

36. The new Organization must also be given the proper staff. The personnel of the present Centre for Industrial Development must be reinforced and technically qualified personnel with experience of field work recruited. The new body must work closely with the other members of the United Nations family and must not waste its meagre resources on duplication. The draft resolution provided for such co-ordination and his delegation was also glad to note that the doubts which the ILO had entertained about certain provisions of the draft resolution had now been dispelled.

37. India had offered New Delhi as the site for the headquarters of UNOID (A/6368) in the firm belief that it should be established in a developing country. An organization, such as UNOID, whose main purpose was to help the developing countries, should come closer, both physically and psychologically, to the developing countries. India had considerable experience of planned industrial development which would be useful for on-the-spot research and study.

38. Sir Edward WARNER (United Kingdom) said that the United Kingdom warmly welcomed the impending establishment of UNOID. He recalled that his delegation to the *Ad Hoc* Committee on UNOID had entered a number of reservations to the draft resolution recommended by that body and had refrained from submitting amendments only because to do so might have precipitated an avalanche of other amendments, thus jeopardizing the draft resolution and endangering the establishment of the new Organization. However, he would like his Government's views on the following points to be clearly understood.

39. First, it interpreted paragraphs 2, 33 and 34 with full regard to the responsibilities of the Economic and Social Council, acting on the authority of the General Assembly in accordance with Article 60 and other relevant provisions of the United Nations Charter, under which the central co-ordinating position of the Council was paramount. Secondly, in the interests of efficiency the size of the Board should not exceed thirty-six members and they should be elected by the Economic and Social Council. Thirdly, there was no need for a separate pledging conference. The *Ad Hoc* Committee had recommended several methods by which UNOID's operational activities could be financed, and each country could advance its contribution by the method it considered most suitable in the light of its own interests. The United Kingdom had made its initial contribution in the form of funds-in-trust to be administered by UNDP in close co-operation with UNOID, and it would make future contributions by whatever method seemed most appropriate in the prevailing circumstances. Fourthly, it welcomed the prospect of agreed wording in relation to paragraph 2 (a), (ix), to define the respective competence of UNOID and the ILO in the matter of training, and it hoped that UNOID would have harmonious relations with all the other organizations active in that field, including the Bureau of the International Union for the

Protection of Industrial Property, which had considerable expertise in the matter of industrial property, operated its own programme of technical assistance and had a working agreement with the United Nations under Economic and Social Council resolution 1013 (XXXVII). Fifthly, UNOID should be in New York, alongside UNDP, with whose activities its own must be closely co-ordinated. If UNOID was to be of real service to the developing countries and attract adequate voluntary contributions and a highly qualified staff, it must be in a place where it could not only operate efficiently but also be seen to operate efficiently, in contact with the appropriate organizations and the permanent missions.

40. His delegation would vote in favour of the draft resolution and for appropriate wording in regard to operative paragraph 2 (a), (ix).

41. Mr. BOLIN (Sweden) said that his country had participated both in the Committee for Industrial Development and the Ad Hoc Committee on UNOID in

the conviction that industrialization was vital for the developing countries and that the new body would help them meet their industrial needs. The efforts of the United Nations in the industrial field must be activated, integrated and co-ordinated; in that respect, UNOID would play the central role. His delegation accepted the figure of forty-five members for the Industrial Development Board and hoped that the work of that body would lead to practical results. The present Centre for Industrial Development had done well with its limited resources and, within the context of the new Organization, should increase both its staff and its activities. His delegation hoped that UNOID would continue the close co-operation established by the Centre with national Governments and other members of the United Nations family. The statute of the new body was a balanced compromise and Sweden intended to fulfil its obligations under the draft resolution which it fully supported.

The meeting rose at 5.10 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1040th
MEETING

Friday, 21 October 1966,
at 10.40 a.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 41

Activities in the field of industrial development (*continued*) (A/6433):

(b) Report of the *Ad Hoc* Committee on the United Nations Organization for Industrial Development (*continued*) (A/6229, A/6303, chap. IV, sect. IV; A/6368, A/6369, A/6415, A/6468, A/6473, A/6474, A/6481, E/4203, chap. XII; A/C.2/L.863 and Corr.1)

1. Mr. O CLERIGH (Ireland) pointed out that the general debate which his delegation did not favour had nevertheless revealed the complex links between all the items on the agenda of the Second Committee: the problem of development constituted a whole and also carried with it its own moral commitments. It was only by aiding the underprivileged wherever they were and whoever they might be and by asserting the rights of those most vulnerable to the economic process that any real progress could be made. It was for that reason that his delegation hoped that the draft resolution adopted by the *Ad Hoc* Committee on the United Nations Organization for Industrial Development (A/C.2/L.863 and Corr.1), which it supported, would make due allowance, in its final version, for the protection of the rights of workers and of the field of endeavour of the International Labour Organisation (ILO).

2. As regards paragraph 23 (a) of the draft resolution, his delegation doubted the value of proliferating pledging conferences. Ireland was already committed to increasing its aid to the less favoured countries as its own economy expanded. He was not opposed in principle to the idea of voluntary contributions to the United Nations Organization for Industrial Development (UNOID) but did not believe that it was practical to convene a special conference for that purpose.

3. He agreed with the representative of Japan that the new Organization should draw on the experience of the Centre for Industrial Development. And in order to avail itself of United Nations facilities, in accordance with the draft resolution, the secretariat of UNOID

should be established in New York. Finally, he hoped that the Secretary-General would agree to remain in office and would soon select from among several candidates one to take charge of UNOID.

4. Mr. VLADOV (Bulgaria) considered that the establishment of UNOID was an important achievement in international co-operation: the new Organization must respond to every nation requesting help and not only to the developing countries. It should promote industrial development everywhere and more especially in areas where it was most needed, concentrating on exchanges of information and of technical and scientific experience. Hence the present wording of operative paragraph 2 of the draft resolution was inadequate in that it restricted the activities of UNOID to certain areas of the world.

5. The *Ad Hoc* Committee had proposed that the important activities of the Centre for Industrial Development should be transferred to the new Organization but such activities were broader than those provided for in operative paragraph 2 since they covered the whole world, although some areas were given priority. In giving new impetus to the drive for the industrialization of the developing countries, the United Nations should not curtail the scope of the activities so far carried out within the framework of the Economic and Social Council. Operative paragraph 2 should be brought into line with operative paragraph 1, which was broader in scope. In that respect, the United Nations should follow the example of other international organizations such as the ILO, the Food and Agriculture Organization of the United Nations (FAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the World Health Organization (WHO), whose activities were world-wide, although benefiting primarily the developing countries.

6. He agreed with the representative of Czechoslovakia that the new Organization should be open to all and that membership should not be denied to non-members of the United Nations and of the specialized agencies. Finally, the Centre's experience in organization and management should be utilized in the establishment of the new Organization.

7. Mr. CARANICAS (Greece) said that the report of the *Ad Hoc* Committee on UNOID (A/6229) gave a clear and comprehensive picture of the new Organization and he congratulated the representative of Peru on his efforts at conciliation. Chapter VI of the Economic and Social Council's report (A/6303) contained a full description of the situation and the Under-Secretary for Economic and Social Affairs had described in his statement (1023rd meeting) what the future held for the developing countries. The relatively late emergence of UNOID would have the advantage of

generating less enthusiasm and hence less disappointment and of allowing the experience of the Centre for Industrial Development to be utilized. The under-developed countries could thus benefit from the most recent technological developments. He agreed with the representative of Czechoslovakia that UNOID would not solve all the problems of the developing countries. Therefore, too many or too rapid results should not be expected of it, for industrialization was merely one of the aspects of economic development.

8. He had no objection to the draft resolution except for operative paragraph 2 (a), (ix) which he would like to see replaced by a text commanding unanimity or a large majority of votes. He supported the position of the United Kingdom representative concerning operative 2 (a), (x) on the need for good relations with all international organizations including the Bureau of the International Union for the Protection of Industrial Property. He hoped that UNOID would try to recruit its staff from among highly competent experts with the main stress on their qualifications.

9. The Government of Greece had offered Athens as a possible site for UNOID. Had the developing countries previously reached agreement on that matter, Greece would have accepted their choice. It nevertheless remained open to any suggestion and hoped that the Industrial Development Board would take the proper decision in due course.

Mr. Boiko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

10. Mr. IGWE (Nigeria) said that his delegation, a sponsor of the draft resolution of the Ad Hoc Committee on UNOID, envisaged the new Organization as a central body responsible for the co-ordination of all United Nations assistance to the developing countries in the field of industrialization. It should enable those countries to achieve rapid economic and industrial development without passing through the intermediate stages which the developed countries had experienced. That would require the fullest mobilization of domestic resources and the co-operation of the international community. While industrialization could not be called the panacea for all the ailments of developing countries, history showed that it was the foundation of modern economic progress.

11. In order to contribute to the accelerated economic growth of the developing countries, UNOID should rid itself of the limitations which inhibited the Centre for Industrial Development. The Centre had no field administrative bases with which it could intensify contacts with Governments and inform them what it could do for them. As a result, projects had not been forthcoming so that the Centre had not received a fair share of the resources of the Special Fund. In that respect, his delegation noted with satisfaction the recent decision by the Governing Council of the United Nations Development Programme (UNDP) to appoint industrial experts in the field who would help Governments to prepare industrial projects and to submit requests for assistance in the industrial field.

12. With regard to operative paragraph 2 (a), (v), he believed that UNOID should not be concerned solely with projects it helped to formulate but should also

assist national authorities and public agencies undertaking studies for their Governments. Feasibility studies had very often remained unused, which resulted in a waste of precious resources. The new Organization should remedy that situation, in co-operation with the regional economic commissions, and help in the preparation of complete feasibility studies which could be submitted directly to international financial institutions.

13. No aspect of economic development was more important than the training of staff, which was the subject of operative paragraph 2 (a), (ix). Investment in that sphere was as important and productive as investment in material resources, especially since the chief obstacle to the progress of the developing countries was the shortage of skilled manpower.

14. His delegation was gratified to note that the new Organization would emphasize manufacturing industries, as was indicated in paragraph 1, and hoped that priority would be given to the establishment of industries which would complement the agricultural sector. The co-ordination of agricultural and industrial planning was essential for the balanced economic growth of developing countries which, on the whole, were still producers of primary commodities. Industrialization would enable the prices of export products to be increased and products to be manufactured which would replace the principal imports.

15. Regional planning of the industrial development of developing countries, to which reference was made in operative paragraph 2 (a), (vi), was highly important: experience had shown that industries were viable only if they could rely on sufficient effective demand, which was not the case in many developing countries, where per capita income was low. Consequently, some economists had concluded that in such countries industrialization had to be carried out rapidly and various industries set up simultaneously in order to generate a large number of new jobs and consequently a rapid increase in income. His delegation was, however, inclined to accept the theory of other economists who held that, in countries with a small population, even if per capita income was high, the establishment of industries requiring a fairly high volume of production was unprofitable. It was that fact that had led to the formation of common markets and similar associations.

16. He did not consider that the draft resolution listed all the functions which UNOID should undertake; he hoped that it could eventually expand its activities in order to provide practical and more effective assistance to the developing countries and thereby achieve quick results.

17. Mr. Enaldo CAMAZ DE MAGALHAES (Brazil) expressed the opinion that the Second Committee should do its utmost to enable UNOID to begin its work immediately. Industrialization had become a central objective in Africa, Asia and Latin America. In the past, it had been considered only as a means of increasing import substitution. Industrial development, however, far from being an end in itself, should be directed towards changing social conditions and raising the productivity and living standards of the population.

18. The draft resolution was the result of a fair compromise worked out by the various groups of countries after lengthy negotiations. The Committee should therefore reject any attempt to disrupt that compromise. Paragraph 23 of the draft resolution, concerning the financial arrangements, made provision for different forms of contributions, thus taking into account the various viewpoints expressed during the negotiations. He believed that the subject of co-ordination between UNOID and the specialized agencies should not be unduly emphasized; in any event, it appeared premature to do so before UNOID had begun its work. The co-ordinating role of the new Organization had to be recognized, but it was unlikely that it would endeavour to monopolize the fields of activity in which some specialized agencies had distinguished themselves for so many years.

19. His delegation hoped that, despite the reservations expressed by some delegations (see A/6229, para. 12), UNOID would secure the financial support which was a prerequisite for its success, and that the draft resolution would be adopted unanimously, on the understanding that all groups would respect the compromise worked out in the Ad Hoc Committee.

20. Mr. MWALUKO (United Republic of Tanzania) began by assuring the delegations of Botswana and Lesotho that they could count on Tanzania's full co-operation.

21. The African countries, because of their unfavourable economic position, were particularly anxious that UNOID should begin soon availing itself of its adequately comprehensive terms of reference and with sufficient human and financial resources to enable it to do its work.

22. His delegation, which had taken part in the preparation of the draft terms of reference in the Ad Hoc Committee on UNOID, did not share the fear occasionally expressed that the new Organization would somehow be restricted to only some Members of the United Nations; UNOID was, above all, a United Nations body and should therefore be similar to all others in its membership and objectives, which were, in any event, directly linked to specific Articles of the United Nations Charter in General Assembly resolution 2089 (XX).

23. With regard to the co-ordination of UNOID's work with that of the other agencies and bodies concerned with industrial development, it was essential that the leading role to be assigned to UNOID should be stressed, without, of course, minimizing the importance of the part played by other organizations. His delegation believed that the draft terms of reference had taken full account of that requirement but it could, if necessary, agree to the amendment of operative paragraph 2 (a), (ix), which might remove the apprehensions of other organizations, without changing UNOID's central role. Moreover, it should be remembered that, apart from the agencies chiefly concerned with industrial development, such as the ILO, UNOID also had to co-operate with other specialized agencies, such as FAO, in connexion with the processing of agricultural products and UNESCO, in connexion with training, as well as with such organizations as the United International Bureaux for the Protection

of Intellectual Property (BIRPI), which provided advisory opinions to a number of Governments, particularly in East Africa.

24. One of the principal shortcomings of the Centre for Industrial Development had been its inability to mobilize the necessary funds for projects which its studies had proved to be feasible. The new Organization should try to fill that gap and it might be useful to strengthen the paragraphs of the draft terms of reference dealing with the machinery provided for that purpose.

25. His delegation would have preferred the Industrial Development Board to have fifty-five members, but it had supported the compromise of forty-five members reached in the Ad Hoc Committee; it would have liked to see Africa more strongly represented on the Board, but would accept the membership proposed by the Ad Hoc Committee. The operation of the Industrial Development Board and its subsidiary organs should be studied at the first session of the Board in the light of the very instructive experience of the Trade and Development Board of the United Nations Conference on Trade and Development (UNCTAD). Special emphasis should, however, be given to the relationship to be established between UNOID and UNCTAD's Committee on Manufactures, which were very clearly defined in paragraph 29 of the draft terms of reference of UNOID. The new Organization should concern itself primarily with the establishment of industries in the developing countries, whereas the Committee on Manufactures was more concerned with expanding trade in the products of those industries.

26. The financing of the new Organization, particularly its operational activities, was of the utmost importance. He was greatly encouraged by certain preliminary remarks made either in the general statements or in the debate on UNOID which seemed to indicate that the latter would have adequate financial resources with which to begin its work. He thought that a pledging conference was essential but recognized the validity of certain suggestions, notably that made by the French representative (1036th meeting), which would make it possible for the Organization to obtain more abundant resources by a variety of means.

27. His delegation considered it imperative that a decision should be taken by the Second Committee, at the present session, on the location of UNOID headquarters. General Assembly resolution 2089 (XX) provided, after all, for the immediate establishment of UNOID, and the experience of UNCTAD had shown what difficulties could arise from deferment of the relevant decision. In view of the very many offers received, the Committee should make a choice immediately, having regard to the advantages of each of the proposed cities from the standpoint of decentralization, proximity to the regions where the problem of industrialization was most acute, and ease of access for delegations.

28. The importance of economic co-operation and integration at the sub-regional level already noted by several African delegations in their general statements was particularly marked in the field of industrialization, where such co-operation was indis-

pensable in connexion with both investments and technical personnel and commercial outlets.

29. In concluding his statement, he paid a tribute to the excellent work done by the Commissioner for Industrial Development and his staff with the limited resources at the disposal of the Centre for Industrial Development.

30. Mr. WILMOT (Ghana) said that, in adopting resolution 2089 (XX), the General Assembly recognized the importance of industrialization for the economic development of the developing countries. The establishment of UNOID also gave grounds for hoping that the industrial production targets of the United Nations Development Decade would be quickly reached.

31. The industrialization activities of the United Nations family of organizations were far from satisfactory. Although the developing countries had achieved industrial growth rates of 7-8 per cent during the first half of the Decade, they could not hope to narrow the gap between their per capita production and that of the developed countries in the foreseeable future without more effective assistance from the international community.

32. It was no doubt in recognition of that fact that the United Nations had set up the Centre for Industrial Development. Although its resources were limited, the Centre had rapidly expanded its activities, which now covered many fields, as described in the most recent report of the Committee for Industrial Development (E/4203). Among its operational activities, the Centre had implemented successfully the new programme of special industrial services. However, as was recognized by the Commissioner for Industrial Development in his statement to the Economic Committee, at the forty-first session of the Economic and Social Council,^{1/} it would be unrealistic to evaluate the Centre's achievements exclusively in terms of the rate of increase of its activities, which were clearly inadequate to meet the growing needs of the developing countries. The restricted nature of the Centre's mandate and the inadequacy of its financial resources had prevented it from tackling certain essential requirements of industrial development.

33. Against that background, his delegation welcomed the report of the Ad Hoc Committee on UNOID (A/6229) and especially the draft resolution it recommended. However, the effectiveness and success of UNOID would depend on its structure and on whether it would be endowed with the resources to enable it to meet satisfactorily all the vital industrial development needs of the developing countries. Those two factors would in turn depend to a large extent on the attitude of the States members of UNOID, particularly the developed countries. Judging from the stubbornness with which several of the developed countries had opposed in the Second Committee the establishment of a new international organization for industrial development, it could not be taken for granted that UNOID would have functions essentially different from those of the Centre for Industrial Development. It should not be forgotten that some countries were still advising the developing countries to concentrate on agriculture

and not undertake industrialization until their populations were adequately fed. Yet the development of world economy had shown that industrialization alone made it possible to raise standards of living and of agricultural production itself. If the new Organization was to fulfil its basic objectives, all preconceived ideas about the relative importance of industrialization for the developing countries must be abandoned and the provisions of the draft resolution submitted by the Ad Hoc Committee must be implemented.

34. That draft reflected agreement on the objectives of the new Organization and the desire, shared by all, that UNOID should have the degree of autonomy required to enable it to promote and direct the industrialization activities of the United Nations. In order to fulfil that role, UNOID would have to define the framework of those activities and be responsible to a large extent for their co-ordination. The functions assigned to it were intended to ensure that UNOID's activities would be directed towards operational activities and direct assistance to developing countries. His delegation would have preferred to see UNOID's operational budget financed mainly by contributions announced at a special annual pledging conference. However, it accepted the provisions calling for other methods of financing. It hoped that delegations which had expressed reservations on certain arrangements would accept the draft as it stood, except for operative paragraph 2 (a), (ix), an amendment to which would be submitted with a view to defining more precisely the respective functions of UNOID and the ILO in respect of vocational training. The draft resolution represented a carefully balanced compromise, which should be retained. In that connexion, he hoped that all delegations which submitted reservations would follow the example of the United States and the United Kingdom, whose representatives had stated that they would vote in favour of the draft resolution.

35. The success of UNOID would depend on the importance of its operational activities. The failure of the Centre for Industrial Development to meet the industrialization requirements of the developing countries was due largely to its excessive preoccupation with research activities. The new Organization should not likewise be transformed into a research institute. It should be endowed with sufficient resources to enable it to assist developing countries in establishing industries which would promote their agricultural expansion and enable them to conserve foreign exchange and diversify their exports.

36. The new Organization would undoubtedly benefit from the work of the projected International Symposium on Industrial Development; the regional symposia which had preceded it had constituted an important advance in the industrial activities of the United Nations.

37. Mr. SELFE (South Africa) congratulated the Ad Hoc Committee on UNOID, and its Chairman, on producing a compromise text which was flexible enough to meet a number of very different requirements, as was clear particularly from operative paragraph 2 (a) on operational activities and from paragraphs 22 and 23 which offered three alternative possibilities for the financing of operational ac-

^{1/} See document E/AC.6/L.345 and Corr.1

tivities and the payment of voluntary contributions respectively.

38. The draft statutes also contained satisfactory provisions on the co-ordination of UNOID's activities with those of other organizations such as BIRPI.

39. In short, the draft resolution submitted by the Ad Hoc Committee was as satisfactory as it could be; and his delegation thought that, in the circumstances, the Committee would be well advised to follow the suggestion made by the United Kingdom representative, namely, to record such reservations as might seem essential and adopt the draft as it stood.

40. Mr. INGRAM (Australia) said that, in spite of its imperfections and ambiguities the draft resolution reflected a genuine compromise and, consequently, a real agreement. His delegation also hoped that it would be adopted unanimously. Although paragraphs 7 (e), 27, 28, 33 and 34 on co-ordination might at first sight appear to be not entirely consistent, their intention, when read together, was quite clear. While it was proper that UNOID should play the central role in reviewing and promoting the co-ordination of all activities of the United Nations system in the field of industrial development, it was at the same time true that industrial development impinged very much on other aspects of economic and social development, and the co-ordination of industrial activities with other development activities was presumably the responsibility of the Economic and Social Council. In placing the proper emphasis on co-ordination, the draft resolution was fully consistent with the United Nations Charter. In that connexion, the Director-General of the ILO had stated at the fiftieth session of the International Labour Conference in 1966 that the establishment of UNOID and the impetus it would give to the industrialization efforts of the developing countries could at the same time greatly strengthen the effectiveness of the ILO's own action.

41. Another important feature of the draft resolution was the emphasis placed on regional activities, including co-operation with the regional economic commissions. His delegation attached great importance to the latter point; his country had supported the establishment by the Economic Commission for Asia and the Far East of an Asian Industrial Development Council and hoped that the Council would work in close co-operation with UNOID.

42. As the number of new institutions increased, effective co-operation between them depended more and more on good working relationships. In the Secretary-General's foreword to the budget estimates for the financial year 1967 (A/6305), he had pointed out that the creation of autonomous units within the Secretariat raised serious questions of organizational authority and responsibility. Moreover, according to the Secretary-General, such a trend was not altogether consistent with the concept of a unified Secretariat working as a team towards the accomplishment of the main goals of the Organization. Such a situation might well result in undue preoccupation with future requirements to the detriment of ensuring the effective and efficient use of existing credits and resources. The process of creating autonomous units should therefore be looked at not only in terms of the possible

advantages to the particular substantive programmes but also in the context of a Secretariat dependent for reasons of economy and administrative efficiency upon central supporting services.

43. With regard to operative paragraph 2 (x) of the draft resolution, the improvement of the international system of industrial property was also the responsibility of BIRPI. His delegation had not thought it necessary to suggest an amendment to that paragraph, since paragraph 35 stated that the Organization could establish working relationships with relevant inter-governmental organizations; such relationships should certainly be established between UNOID and BIRPI. With regard to the staffing of UNOID, his delegation agreed with the Italian representative. The developing countries needed an organization which could offer unbiased advice of the highest technical quality. Private firms or State enterprises might, in spite of the very high integrity of their staff, advocate industrial projects which were not always in keeping with the economic interests of the developing countries themselves.

44. He drew the Committee's attention to the need for increased activity in the field of labour-intensive industry, and said that his country would continue to assist industrialization activities through its contribution to UNDP.

45. Mr. LOUYA (Democratic Republic of the Congo) paid a tribute to the work of the Commissioner for Industrial Development and to the role played by the Centre for Industrial Development. The establishment of UNOID would give practical expression to the aspirations of the United Nations Development Decade. Industrialization could not, of course, solve all problems but it was the corner-stone of economic and social progress. The industrialization of the developing countries meant, above all, the establishment of new industries and the expansion of existing industries; and UNOID should study the vast possibilities which existed in that field. Its attention should also be drawn to the fact that the main difficulty facing the Third World countries was the shortage of skilled labour and management personnel. The example of developed countries, such as Japan and Germany, had clearly shown that economic progress depended much more on the availability of competent management personnel than on capital resources. The countries of the Third World, particularly those in Africa, had not been able to train enough skilled workers and management personnel, and they tended too often to resort to the services of foreign specialists. Apart from the high cost involved, that method did not offer any solution to the shortage of skilled workers. The ILO had provided considerable assistance to the Governments of the developing countries in that connexion; but its contribution was still quite inadequate to meet their requirements. He hoped that UNOID, in collaboration with the ILO, would help the developing countries to train the staff they needed for their industrial development.

46. His delegation supported the Ad Hoc Committee's draft resolution, and particularly the suggestion that the Industrial Development Board should consist of forty-five members elected by the General Assembly. It was also in favour of the proposed financial arrange-

ments, and thought that a pledging conference would be essential to ensure that UNOID was really independent, though Governments wishing to do so should be free to contribute in other ways. Finally, he sug-

gested that UNOID should have its headquarters in a developing country.

The meeting rose at 12.45 p.m.

United Nations
GENERAL
ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1041st
MEETING

Friday, 21 October 1966,
at 3 p.m.

NEW YORK

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Activities in the field of industrial development
(A/6433):

(b) Report of the *Ad Hoc* Committee on the United
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(*continued*) (A/6229, A/6303, chap. IV, sect. IV;
A/6368, A/6369, A/6415, A/6468, A/6473, A/6474,
E/4203, chap. XII; A/C.2/L.863 and Corr.1)

1. Mr. OMEISH (Libya) said that the establishment of the United Nations Organization for Industrial Development (UNOID) represented a step forward in international co-operation, it being universally recognized that industrialization had an important role to play in economic development and the improvement of living standards.

2. His delegation hoped that in the deliberations of the Industrial Development Board conflicting group interests would give way to mutual understanding designed to benefit all countries. The paramount task of the new body must be to promote the advancement of the developing countries as well as to act as the central co-ordinator of all industrial activities within the United Nations family. It must, however, be given the necessary resources if it was to justify the high hopes that were placed in it.

3. His delegation had intended to submit an amendment to the draft resolution before the Committee (A/C.2/L.863 and Corr.1), stressing that one of the tasks of the new body would be to deal with exports of non-renewable products, a subject of great interest to Libya. However, in the interests of compromise, his delegation was prepared to withhold that amendment and merely to recommend that the problem of non-renewable products should be given due attention by the new body.

4. While grateful to those countries which had offered their capitals as the site of the new Organization, his delegation felt that that matter should be decided upon in the light of the probable size of UNOID.

5. Mr. Donald MACDONALD (Canada) said that the problems of industrialization were extremely complex

and must be tackled by a wide variety of international institutions as well as by the developing and the developed countries themselves. The ability to participate fully in an expanding world trade was not merely a function of relative prices but also depended on a whole range of essentially non-price factors such as access to markets, product design, training facilities, effective distribution, credit arrangements and so on.

6. Both the Centre for Industrial Development and the Committee for Industrial Development had begun to co-ordinate the activities of the United Nations family in the industrial field. In particular, the Committee had called for an annual consolidated report on that subject, a promising move which presumably would be exploited by the new Industrial Development Board. The Board would inherit from the Committee the responsibility for co-ordination and would have the first report before it at its first session. The primary responsibility for co-ordination lay, however, with the individual Governments and with the secretariats of the various international agencies. In that respect, Canada had been greatly encouraged by the statement which the Commissioner for Industrial Development made to the Economic Committee at the forty-first session of the Economic and Social Council.^{1/}

7. As a result of the pioneering work begun by the Centre, the United Nations had learnt over the past few years that more advisory services and technical assistance were required in the field of industrialization and that less emphasis was needed on research. Industrial experts had now been posted to the offices of resident representatives; industrial units had been established at the headquarters of the regional economic commissions; and the recent regional symposia had helped to emphasize the need for regional consultation. To support that growing framework of activities, the 1967 budget for the Centre had been considerably expanded.

8. The mandate proposed for UNOID, which Canada was ready to support, was wider than that of the Centre. Canada agreed that sustained industrial advance was a crucial ingredient in the world-wide effort to attain economic and social development. It would therefore join with other Members of the United Nations in trying to make UNOID a creative and effective force. The work of the new body would be most fruitful if confined as far as possible to the definition and solution of the specific problems of specific countries and regions. Abstract studies would be of little use. Industrial development must be considered on a country-by-country basis if the wider application of existing knowledge was to be facilitated.

^{1/} See document E/AC.6/L.345 and Corr.1.

9. His country regarded the United Nations Development Programme (UNDP) as the central fund within the United Nations family for the financing of technical assistance and pre-investment activities. The staffs of UNDP and UNOID should work closely together, and such co-operation should be facilitated by the membership of UNOID in the Inter-Agency Consultative Board and the Administrative Committee on Co-ordination. Canada hoped that even closer relationships, based on daily consultations, would develop among the staffs of the group of the International Bank for Reconstruction and Development, the United Nations Conference on Trade and Development (UNCTAD), UNOID and UNDP and, in the case of export-oriented industries, of the International Trade Centre of GATT (General Agreement on Tariffs and Trade). His delegation was ready to support any amendment to the draft resolution which would recognize the vital contribution to be made by the International Labour Organisation (ILO), the Food and Agriculture Organization of the United Nations (FAO) and other international agencies.

10. Mr. ALACAM (Turkey) observed that the draft resolution recommended by the Ad Hoc Committee on UNOID (A/C.2/L.863 and Corr.1) was the result of a compromise reached after long and difficult negotiations and struck a reasonable balance between the divergent economic and political views represented. Amendments affecting the substance of the text could only revive the controversy which had characterized the initial stage of the Ad Hoc Committee's work.

11. The autonomous status of UNOID was one of the essential features of the draft resolution and should enable the new body to meet the requirements of developing countries everywhere. He hoped that UNOID would receive the moral and material support of all Member States, without which it could not succeed in its task.

12. He would have preferred not to see the developing countries divided into two categories, for the process of economic development in general and of industrial development in particular was a continuous one, and the attempt to fix criteria for such a division would inevitably lead to controversy. Even if such a distinction could be made in certain cases, it would serve no practical purpose. Also, the question of which of the two categories should be accorded priority would have to be answered differently according to whether the international aid had long-term or short-term objectives.

13. The need to avoid duplication and waste made it essential for clear lines of demarcation to be drawn between UNOID and the other organizations concerned with the various aspects of industrialization. It would be a mistake, however, to adhere to the present division of responsibilities as between the Centre for Industrial Development and the other organizations. The adjustments within the United Nations family which would be required if UNOID was to serve the developing countries to the fullest extent should be aimed not at absorbing the activities of the existing organizations but rather at filling the gaps in certain areas of industrialization. He was sure that such inter-agency adjustments could be made gradually at the secretariat level.

14. His delegation would support the new wording of operative paragraph 2 (a), (ix) which derived from informal consultations, as it would help to clear up any misunderstandings between UNOID and the ILO.

15. His delegation was in favour of an Industrial Development Board composed of forty-five members and agreed that they should be elected by the General Assembly. It also supported the recommendation that voluntary contributions should be announced at a pledging conference, since that would be in conformity with the autonomous character of UNOID. According, however, to paragraph 23 of the draft resolution, Governments would be free to choose other procedures.

16. His delegation would like to draw attention to the Turkish Government's proposal that Istanbul should be selected as the site of the headquarters of UNOID (A/6474). He suggested that the Second Committee should establish a group of experts to be composed of a maximum of two or three persons and to be appointed by the Secretary-General, for the purpose of studying the various offers that had been made and of reporting back to the Committee before the end of November. The Committee could take a final decision at that time on the site of the new Organization. His delegation would vote in favour of the draft resolution and hoped that it would be submitted to the General Assembly by a unanimous vote.

17. Mr. ILONIEMI (Finland) said that UNOID, as an integral part of the development machinery of the United Nations, should in all its operations work in conjunction with UNDP and the other bodies concerned with development. Even if other sources of finance were available, the main source of funds for the operational activities of UNOID should be UNDP; otherwise there would be a danger of diverting funds from one valuable programme to another. The continuous consultation which would be required between the new Organization and other United Nations development bodies should be taken into account in choosing the site for its headquarters.

18. In view of the fact that a number of specialized agencies and other organizations were engaged in activities related to industrialization, the need for a rational division of labour between UNOID and those bodies was paramount. The arrangements for the Industrial Development Board to report to the General Assembly through the Economic and Social Council would do much to ensure the necessary co-ordination. It was important, however, that the Board should hold its first meeting as early as possible in order to settle outstanding administrative matters concerning the activities of the new Organization.

19. In conclusion, he expressed his delegation's appreciation of the work programme outlined for UNOID, which would greatly strengthen the efforts by the United Nations to promote diversification of the developing countries' economies.

20. Mr. GAILANI (Iraq) said his delegation was convinced that the new Organization would go far towards remedying one of the serious shortcomings of United Nations development activities: the absence of adequate provision for the promotion of industrial development, and particularly of manufacturing.

21. The provision of the draft resolution under which UNOID would be an autonomous organization within the United Nations would give UNOID the required authority to exercise leadership in industrial development activities and to co-ordinate the efforts of all United Nations bodies concerned with industrialization. The fundamental purpose of UNOID was, as the draft resolution emphasized, to assist the developing countries, and its functions would be such as to enable those countries to take advantage of the scientific and technological advances that would help them to make efficient use of their natural resources for the production of capital goods.

22. A very high proportion of the funds UNOID would require for its operational activities would come from voluntary contributions by the industrialized countries. It was his delegation's hope that those countries would agree to make such contributions directly to UNOID, rather than through UNDP, since the new Organization could not hope to fulfil the tasks to be entrusted to it without a source of financing upon which it could freely draw. It was accordingly to be hoped that other Governments would follow the example of the Government of the Sudan, which had announced its intention of pledging its contributions to UNOID directly at a separate pledging conference.

23. His delegation was gratified that the proposed terms of reference of UNOID would permit it to act as executing agency for the projects of the Special Fund component of UNDP; some of the pilot and demonstration projects discussed at the second session of the Governing Council of UNDP would be appropriate activities for UNOID. It was important, however, that a line of demarcation should be established between the activities of UNDP and of other United Nations agencies, and those of UNOID. The consultations in progress concerning the amendment of operative paragraph 2 (a), (ix) of the draft resolution demonstrated the need for a clear definition of UNOID's functions.

24. Mr. VILFAN (Yugoslavia) said UNOID was not going to be what it should be, namely, a specialized agency. However, it represented an important step forward. The Centre for Industrial Development had succeeded in establishing a sound conceptual framework for programmes of industrial development. The Centre, however, also illustrated the problem of attempting to achieve desired goals with inadequate funds. In order for UNOID to succeed, it must not only have more resources, but those resources should be placed under the autonomous control of UNOID. His delegation advocated that the contributions should be announced at a special pledging conference convened by the Secretary-General.

25. Referring to the role of UNOID within the United Nations system, he said everything should be done to ensure that UNOID played the central role among all the agencies in expediting industrialization programmes.

26. Experience pointed to the wisdom of allowing agencies such as UNOID to develop increasing autonomy. Membership should not be restricted, but should be open to all countries wishing to take part.

27. Despite reservations, his delegation was prepared to support the draft resolution.

28. Mr. NENEMAN (Poland) said that UNOID, in mobilizing international co-operation on behalf of the industrialization of the developing countries, would have to recognize at all times that industrialization was not an end in itself but rather the main instrument for the economic development of countries and the increased well-being of their peoples. The success of industrialization programmes depended on the availability of financial resources, which had to be sought primarily in the mobilization of domestic resources, since external assistance was necessarily limited. The prerequisites for industrial development were therefore land reform, a strong public sector and effective fiscal and economic planning. Moreover, the pace of industrialization had to be such as not to unbalance the growth of the economy as a whole.

29. In the developing countries, the emphasis in the industrialization process should be on export-oriented industries and on those producing substitutes for imports. None of those countries could afford in the early stages to divert their efforts to the production of luxury consumer goods. Experience had shown that that was apt to be feasible only in countries with a mixed economy in which industrial investment was governed by a free-market mechanism.

30. The need for drawing on the experience of all States in regard to modern industrial methods of production, programming and planning was stressed in the draft resolution. The experience of countries which had carried out accelerated industrialization in recent decades would be extremely useful. The fact, moreover, that UNOID was to serve as a centre for the dissemination of technological information would, to a large degree, make it unnecessary for feasibility studies and investment verification to be carried out by foreign private firms.

31. One of UNOID's most important functions would be to provide the developing countries with advice on the exploitation and use of their natural resources. If the new Organization was to be fully effective in that regard, it would be advisable for that part of the staff of the Department of Economic and Social Affairs which was concerned with natural resources to be transferred to the secretariat of UNOID.

32. It was regrettable that the proposed terms of reference of UNOID excluded some States from participation in its work. The exclusion of the highly industrialized German Democratic Republic, for instance, deprived that country of an opportunity to increase the contribution it was already making to the economic development of many countries.

33. His delegation believed that the assistance to be provided for training should not be limited to the developing countries alone. His country would welcome the opportunity to be both donor and recipient of training assistance and would count on the co-operation of UNOID in training personnel for branches of industry in which it had insufficient experience of its own. In any event, the developing countries themselves would, with the passage of time, have their own unique experience to contribute to the world-wide economic and technical revolution.

34. Mr. ABE (Japan) said that he would like to explain the position of his Government regarding each of its reservations to the draft resolution adopted by the Ad Hoc Committee on UNOID as set forth in the report of the Ad Hoc Committee (A/6229, para. 12). With regard to operative paragraph 2 (a), (ix) of the draft resolution, it felt that some of the training activities undertaken by the ILO should continue to be handled by that agency, which had been carrying them out with great efficiency. It would, however, withdraw its reservation to that sub-paragraph if the amendment which was being considered informally was accepted. While he would not object to the existing text of paragraphs 3 and 4 if they were acceptable to other members of the Committee, he would like to place on record his delegation's view that the countries which were in a position to offer technical knowledge and experience and, in particular, financial resources should be better represented on the Industrial Development Board. His delegation was ready to withdraw its reservation to paragraph 23 (a) on the understanding that the provisions of paragraph 23 as a whole, in conjunction with paragraph 22, would allow Governments to decide for themselves the method by which they would make their contributions. It would maintain its reservation to paragraph 26, which was inappropriate in a resolution aimed at establishing the operating procedures and administrative arrangements of the new Organization. Since, however, that paragraph was not of such a nature as to affect the substance of the draft resolution, he would not press for its deletion or amendment.

35. If the draft resolution embodying an appropriate amendment to operative paragraph 2 (a), (ix) was put to a vote, his delegation would support it.

36. He hoped that the relationship between UNOID and the newly established Asian Industrial Development Council would be free from the friction which had sometimes characterized relations between the Centre for Industrial Development and the regional commissions, and that the two new bodies could work out a mutually satisfactory arrangement to avoid wasting human and financial resources.

37. Before any decision was reached on the site of UNOID it was essential to take two questions into account: how UNOID's administrative budget could be executed in the most rational and economic way, and how the efficiency of its staff could best be maintained. The comments made by the representative of Italy (1039th meeting) in that connexion were highly pertinent and had his delegation's support.

38. Mr. KOMIVES (Hungary) said that although the draft resolution provided a good basis for the establishment of the new Organization, the differences of opinion expressed by previous speakers with regard to certain important points showed that it could not be accepted without amendments. His delegation attached the utmost importance to the need to make the new Organization truly international and felt that the draft resolution should be amended to provide for the admission to UNOID of any country wishing to participate in its work. It also thought that UNOID, following the example set by the specialized agencies, should not narrow its assistance to certain areas of

the world. It was, however, in favour of according the developing countries the highest priorities.

39. Some delegations had expressed concern that the establishment of UNOID would lead to overlapping and duplication of effort. The answer was to strive for better co-ordination between UNOID, the specialized agencies, the regional economic commissions and such international governmental agencies as the United International Bureaux for the Protection of Intellectual Property and to make the appropriate changes within the Secretariat of the United Nations itself. He had in mind in the latter connexion the need to transfer to UNOID some of the staff of the Resources and Transport Division.

40. Although his delegation was not yet in a position to comment in detail on the question of the size and structure of the UNOID secretariat, it thought that a balance should be maintained between economists on the one hand, and engineers and technicians on the other, and that the establishment of unnecessary sections and branches should be avoided. The size of the staff should not exceed that required by UNCTAD for 1967. As far as the site of UNOID headquarters was concerned, he agreed with the remarks of the Czechoslovak representative (1039th meeting) concerning the two criteria to be met. In the Hungarian delegation's view, no special pledging conference would be necessary, since Governments were influenced in determining what their pledges would be, not by the formalities of announcing contributions, but rather by their capabilities and their readiness to co-operate in making UNOID a success.

41. Mr. WONG (China) expressed his delegation's support of the draft resolution. He thought that the choice of New York or Geneva as the site of UNOID headquarters would have the advantage of ensuring better co-ordination with the other United Nations bodies concerned with economic development and might entail less expenditure than would the choice of one of the other sites proposed. He presumed that the "voluntary contributions... in kind" referred to in paragraph 22 (a) of the draft resolution could include services; some Governments might wish to make their contributions in the form of technical assistance.

42. Mr. WODAJO (Ethiopia) said that the consensus represented by the establishment of UNOID was the result of a process whereby groups with conflicting interests had gradually accommodated each other's views. In that process two main hurdles had to be overcome. On the one hand, it had long been asserted by many developed countries that the key to the future prosperity of the world was to be found in the maintenance of the traditional division of labour, based on the concept that the already industrialized countries possessed unique advantages for the production of industrial goods. On the other hand, it had been argued that any country which wished to achieve economic and social progress must abandon its traditional economy and undertake a rapid and comprehensive industrialization programme—a view which tended to minimize the difficulties involved and which failed to appreciate fully the role of a productive agricultural factor in any drive for industrialization.

43. Out of the clash of those ideas had come a realistic consensus on the role of industrialization in the economic and social development of the developing countries, and it was now taken for granted that industrialization was an indispensable condition for economic development. The debate had thus been narrowed to such questions as the type of industry best suited to a particular country and the means of establishing the optimum base for supporting a meaningful scale of industrialization in any given area. Similarly, there was general recognition that a productive agricultural sector was a prerequisite for the process of industrialization itself, and the discussion now centred on such specific practical problems as how to apportion the limited resources available in such a way as to increase agricultural productivity while at the same time laying the groundwork for industrialization. His delegation hoped that UNOID would serve as an instrument for the formulation of practical measures to solve the problems which industrialization entailed.

44. On the whole, the draft resolution recommended by the Ad Hoc Committee on UNOID was acceptable to his delegation, and it did not intend to submit any formal reservations. He would like, however, to make a general comment regarding UNOID's relations with other United Nations agencies and programmes. The difficulties of co-ordination were compounded by a lack of clear definitions of the functions of the various bodies and the belief often manifested by the agencies

that certain problems could be dealt with in isolation from the problem of economic and social development as a whole. It was essential to recognize that although the agencies had been established on an ad hoc basis with specific problems in mind, the general problem of economic and social development was a multi-dimensional one with many interconnected aspects. The strategy of the United Nations system should therefore be to make a concerted attack on the problem as a whole. While UNOID would be performing a function different from that being carried out by any other agency or programme on a continuing basis, the other agencies should be allowed to carry on some of their traditional activities even though those activities might have close relevance to UNOID. He had in mind specifically the question of training as referred to in operative paragraph 2 (a), (ix) of the draft resolution. The exigencies of industrialization were such that all kinds of skills were needed; industrialization was, in fact, predicated on the improvement of the general level of educational development. In the circumstances, it was unrealistic to expect that UNOID could assume full responsibility for the training of all the staff needed for accelerated industrial development. That need could best be covered by a co-operative division of labour among the agencies, having due regard to the traditional orientation of each and to the programmes already under way.

The meeting rose at 4.55 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

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SECOND COMMITTEE, 1042nd
MEETING

Monday, 24 October 1966,
at 10.35 a.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

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Activities in the field of industrial development
(continued) (A/6433):

(b) Report of the Ad Hoc Committee on the United
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(continued) (A/6229, A/6303, chap. IV, sect. IV;
A/6368, A/6369, A/6415, A/6468, A/6473, A/6474,
A/6481, E/4203, chap. XII; A/C.2/L.863 and
Corr.1)

1. Mr. SVENNEVIG (Norway) said that he would vote for the draft resolution adopted by the Ad Hoc Committee on the United Nations Organization for Industrial Development for transmittal to the General Assembly (A/C.2/L.863 and Corr.1) even though he did not consider it perfect. His country would support the United Nations Organization for Industrial Development (UNOID). It hoped that the new Organization would be an efficient one and that it would co-ordinate its activities with those of other organizations, particularly with the International Labour Organisation (ILO), which should continue its activities in the fields traditionally within its terms of reference, and with the United International Bureaux for the Protection of Intellectual Property (BIRPI), which already had a programme for assistance in the field mentioned in operative paragraph 2 (a), (x) of the draft resolution. His country felt that UNOID'S operational activities should be financed by the United Nations Development Programme (UNDP). It regarded its contributions to UNDP as including contributions to the new Organization, and it did not have actual plans to pledge any special contribution. In the view of his delegation, a separate conference for UNOID would not result in larger contributions to United Nations development efforts but might rather have the opposite effect. In addition, it would compel contributors to establish priorities between industrialization and other development efforts in an arbitrary fashion, whereas, in fact, such priorities should be determined solely in the light of the needs of the developing countries.

2. As to the site of UNOID's headquarters, his country had no strong preference. The implications in-

involved in such factors as efficiency, cost and staffing of taking UNOID away from the rest of the United Nations Secretariat and UNDP should be studied thoroughly before a decision was made. If the Committee found it difficult to come to an agreement, it should entrust the task of taking the decision to the Industrial Development Board, since that would allow more time for a proper study of all aspects of the question.

3. Mr. HAMEED (Ceylon) said that he welcomed the establishment of UNOID and the prospect of an agreement on the demarcation of the respective fields of competence of UNOID and the ILO in the matter of training. Unless, however, the new Organization was adequately financed and independent, it would only be the Centre for Industrial Development under a new name. For that reason, his delegation was in favour of a separate pledging conference to provide funds for the operational activities of UNOID.

4. While approving the transfer to the new Organization's secretariat of such of the existing staff of the Centre for Industrial Development as was appropriate to the functions of UNOID, his delegation, like that of Italy, thought that UNOID should function more or less like a consulting firm, with a limited permanent staff, which would recruit experts from all countries for ad hoc assignments of limited duration in various fields of industry. In that way, the problem faced by the developing countries of the outflow of talent would not be aggravated. As for the permanent staff, it should be recruited primarily from among persons with technical qualifications, such as engineers, technologists, managers and industrial accountants, rather than from among economists, of whom the United Nations appeared to have a surfeit.

5. The new Organization should engage in operational activities rather than in research, for its success would be measured by the number of factories established with its assistance. His delegation would also like to have UNOID follow up the study of industrial management in developed countries which had been undertaken by the Centre for Industrial Development. His country, which was making a systematic effort to achieve greater self-sufficiency with respect to a number of major commodities, suffered from a shortage of competent managers for its public enterprises. Six-month courses in industrial management, similar to the economic development courses given at the Economic Development Institute of the International Bank for Reconstruction and Development, would meet a real need of the developing countries.

6. He stressed the need for co-ordinated planning of agriculture, industry and transport. In order to achieve an integrated approach to the problems of

development, UNOID would have to maintain close relations with UNDP, the Food and Agriculture Organization of the United Nations, the regionaleconomic commissions and various divisions at United Nations Headquarters. That was why his delegation recommended that UNOID should set up a division for inter-sectoral co-ordination which would be responsible for liaison with the other agencies concerned with development. It was also essential that UNOID's staff should be encouraged to show a maximum degree of initiative so that the new Organization would be able to fulfil the dynamic role assigned to it in the field of industrial development.

7. Mr. VIAUD (France) regretted that the reservations made by certain members of the Economic and Social Council had not been taken into account. His Government continued to advocate the industrialization of the developing countries, and it considered that the establishment of UNOID would give impetus to the economic diversification and accelerated advancement of those countries. They should also be endowed with a strong and efficient system of agriculture, for that was not inconsistent with a simultaneous effort to foster industrialization. Thus, without reopening the debate on General Assembly resolution 2089 (XX), his delegation had certain comments to make on the draft resolution.

8. With respect to training (paragraph 2 (a), (ix)), his delegation still thought that it was in the interests of UNOID and Governments not to create causes of conflict with the existing organizations, since that could only harm the countries which needed the new Organization. If the draft amendment which was in the process of being drawn up represented a satisfactory solution for UNOID and the ILO, his Government would support it and withdraw its reservation. Otherwise, it would be obliged to continue to oppose the present text.

9. Furthermore, the experience of the Trade and Development Board of the United Nations Conference on Trade and Development had shown that a body with too many members had difficulty in functioning efficiently, and he hoped that that mistake would not be made again with respect to the Industrial Development Board. His Government favoured a Board of thirty-six members, but it would support a membership of forty-five if the majority insisted on it. Since, moreover, UNOID's functions were a matter for specialists, it was to be hoped that the Governments of States Members of the United Nations would be represented on the Board by top-level experts and not by diplomats. His own Government intended to follow that procedure, and he regretted that there was no reference to that point in the text. It would be preferable for the members of the Industrial Development Board to be elected by the Economic and Social Council, but since the majority preferred the General Assembly, his delegation would support that solution. It hoped, however, that the General Assembly would reserve the right to delegate its powers to another body, such as, for example, the Economic and Social Council, if such a procedure proved more practical in the long run.

10. His delegation had serious doubts about the problems of co-ordination, which under the United Nations

Charter were reserved to the Economic and Social Council. He asked the Second Committee not to take any decision which would be incompatible with that which the Fifth Committee would have to take on the report of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies (A/6343) with which it was dealing.

11. He doubted the advisability of convening a special pledging conference for the financing of UNOID. In any case, whether the contributions were made directly or were transmitted through UNDP, they were still voluntary, and it was the Governments which decided on the form they should take and on how much they should be. It would be better not to take any decision on that question at that stage. He emphasized that by voting for the draft resolution, his delegation did not undertake to participate in a pledging conference for UNOID. With respect to the budgetary problems, his Government maintained its stand that operational activities should be financed by voluntary contributions and that only administrative expenses should be met from the United Nations budget. The studies and research connected with a specific project should be financed by voluntary contributions, and only studies of a general character could be financed from the budget.

12. With respect to the site of the new Organization, his delegation felt that the first session of the Industrial Development Board should be held in February or March 1967, at Geneva. In the Organization's own interests, the headquarters of its secretariat should be situated in the centre of some highly industrialized part of the world, either in North America or Europe; for obvious reasons, his Government favoured a European city. The usual criterion of geographical distribution ought to be taken into account in recruiting the secretariat staff, but the technical staff, in particular, ought to consist of specialists in industry and in the problems of industrial development in the developing countries.

13. His country attached very special importance to the question of the working languages, concerning which it had often had occasion to express its dissatisfaction. He hoped that the French language would have the place which it deserved in the new Organization. The senior officials of UNOID should be able to express themselves in at least two working languages, since that would enable them to keep more effectively in touch with delegations.

Mr. Boiko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

14. Mr. SUMULONG (Philippines), noting that his delegation had participated in the work of the Ad Hoc Committee on UNOID and of the sixth session of the Committee for Industrial Development, said that he wished to express his appreciation and gratitude for the spirit of co-operation being shown by all Member States in order that the Ad Hoc Committee's draft resolution might be promptly submitted to the General Assembly for its consideration. Motivated by a general desire for compromise, the States which had expressed reservations and those which had submitted amendments had agreed to transmit the text to the General Assembly in its original form.

That attitude was a proof of the sense of urgency shared by all Member States with regard to the establishment of UNOID and should help to expedite the Second Committee's debates. For its part, the Philippine delegation was prepared, in a spirit of compromise, to accept the draft resolution as submitted by the Ad Hoc Committee, and it hoped that the General Assembly would be able to adopt it as soon as possible so that UNOID could start work without delay. All the resolutions adopted by the Committee for Industrial Development at its sixth session were, moreover, based on that hypothesis.

15. Fears had been expressed that overlapping and duplication between the functions of UNOID and those of other United Nations bodies might lead to wasteful use of the limited resources available for the development programmes. Having learnt that an understanding would soon be reached for co-ordinating the functions of UNOID and ILO in the field of training, his delegation was confident that other difficulties of the same kind could be promptly overcome. It hoped that UNOID would be really able, as paragraph 1 of the draft resolution stated, to "accelerate" the industrialization of the under-developed countries, which represented two-thirds of mankind. It hoped, too, that the establishment of the new Organization would mark the birth of a new tendency to stress practical activities rather than theoretical studies and to translate the results of previous research into practical programmes capable of improving the lot of the people of the under-developed areas of the world.

16. It was important for UNOID to establish priorities in the programmes and activities which it would encourage, besides the establishment of export-oriented and fertilizer industries. Taking into account the natural resources, manpower and other relevant factors in each country or region, it would have to seek solutions adapted to the various problems. At the field level UNOID should give priority to: (a) the setting-up of industrial information centres and industrial advisory services to stimulate communities in developing countries to establish co-operative or other enterprises on their own initiative; (b) the holding of seminars, exhibitions and demonstration projects to awaken the interest of the private sector; (c) the provision of industrial extension services in villages and towns; and (d) the establishment of regional and field offices of UNOID in the developing countries.

17. He wished to congratulate countries which, like the United States, the United Kingdom, the Federal Republic of Germany, the Netherlands and Sweden, had made voluntary contributions to the programme of special industrial services, and he hoped that other industrialized countries would join them. The Philippine delegation was convinced that UNOID would succeed, because it had a crucial role to perform and because its success was desired not only by the developing countries but by the industrialized ones, which had realized that there could be no enduring peace until poverty, disease and ignorance had been wiped out.

18. Mr. VARELA (Panama) said that the industrial development of a country could not happen spontaneously but depended upon the extent to which

it made prudent use of the financial resources necessary for the industrialization process. The Industrial Development Board, therefore, rather than devoting itself to theoretical investigations which other international and national bodies were already carrying out successfully, should concentrate on the practical task of assisting the developing countries to obtain the necessary resources for financing specific industrial projects and channelling their requests for financial assistance in the right directions. It should take into account the information already available in many developing countries on the industries likely to foster national and regional development and on the economic soundness of those industries.

19. The new Organization must also co-operate closely not only with other United Nations bodies but also with national agencies, both public and private, which were already promoting industrialization in many countries.

20. He wished, moreover, to warn the developing countries against placing too great hopes on the establishment of UNOID, for its success would depend to a large extent on voluntary contributions. There were no grounds for optimism in that regard at the present time, for the governmental aid of the industrialized countries on behalf of economic and social progress was coming to represent a steadily diminishing proportion of their national income, and the insufficiency of the voluntary contributions to UNDP was preventing an expansion of its activities.

21. His delegation therefore believed that every effort must be made to create, as far as possible, an effective international economic interdependence, no longer voluntary but obligatory, so as to put an end to the negative influence of power politics combined with economic orthodoxy, to which the Foreign Minister of Panama had referred in the 1423rd plenary meeting. His delegation would in due course submit a draft resolution calling for a study of the possibility of instituting a system of progressive levies on the national income of each Member State. The developing countries would thus have a feeling of belonging to an international order which at the present time kept them on the fringe of the accelerated progress and well-being which characterized the industrialized countries. The activities of UNOID could only be successful if the industrialized countries understood that their voluntary contributions must be adequate to finance action on a scale capable of reducing the existing gap between the rich and poor countries.

22. It was said that peace, prosperity and progress were indivisible and interdependent, but such an affirmation remained valueless as long as the common concerted goodwill of the world's leaders was lacking. It was to be hoped that UNOID would be the instrument which would revivify international solidarity and allow the growing aspirations of the developing countries, which had been so often expressed and so often disappointed, to be realized.

23. Mr. BACKES (Austria) said that he welcomed the establishment of UNOID as filling a gap among United Nations bodies and expressed the conviction that, benefiting by the experience of the Centre for Industrial Development, the new Organization

would exert a significant impact on industrialization and consequently on economic development in general. He wished to pay a tribute to the extremely important work accomplished by the Centre for Industrial Development under the inspired guidance of its Commissioner.

24. The draft resolution drawn up by the Ad Hoc Committee on UNOID was a well-balanced compromise between various views. Although feeling that certain improvements could be made in the wording, his delegation was ready to support the draft resolution in its present form and would like to see it adopted unanimously.

25. As many of UNOID's tasks touched on the domain of other international bodies both inside and outside the United Nations family, it was necessary, if the new Organization was to derive the maximum benefit from their experience, that rational and productive co-ordination between them and UNOID must be established. His delegation was gratified that a working relationship between UNOID and the ILO was to be defined, and it hoped that similar relationships would be established with other international organizations such as the World Bank group, UNDP and the International Atomic Energy Agency (IAEA).

26. If it was to exert its influence fully, UNOID must have a highly capable administrative and technical staff, and no compromise should be made in selecting it. His delegation also shared the view expressed by a number of delegations that the Organization should make extensive use of consultants so as to obtain the services of the best qualified specialists in the various sectors of industry; it should also co-operate closely with universities and technical research institutes, laboratories, industrial firms and all other institutions which could contribute to its work. Hence, it should have its headquarters in a country in which such facilities and contacts would be readily obtainable, while liaison offices should be maintained in the developing countries to supervise its operations at the regional level.

27. The success of UNOID would depend on its financial resources; to ensure that they were ample, a pragmatic approach should be taken to financing and States should be allowed to choose among the various methods of making contributions provided for in paragraph 23 of the draft resolution.

28. As the Committee was aware, his Government had invited UNOID to establish its headquarters at Vienna. In addition to offering the advantages of a neutral country, Austria was highly industrialized and, while it was not an industrial giant, its proximity to several of those giants facilitated contact with them. His Government was prepared to offer the Organization all the facilities necessary for its proper functioning, including the premises and staff of the international conference centre at Vienna, in which many conferences had been held under United Nations auspices. The sharing of those facilities with IAEA could also help to keep costs down.

29. In conclusion, he expressed the hope that the Industrial Development Board would meet soon so that the Organization could make an early start.

30. Mr. MAKEEV (Union of Soviet Socialist Republics) said that although some positive results had been achieved, the work of the Centre for Industrial Development was inadequate in a number of ways. It had not succeeded in properly organizing arrangements for transferring the experience of the advanced countries to the developing countries; it continued to underestimate the importance of studying, systematizing and disseminating the experience gained in industrial development by the developing countries themselves, particularly through the strengthening of the public sector; lastly, it assigned undue importance to the private sector. However, the documents published by the Centre stressed certain basic principles of industrial policy relating to such matters as the decisive role of heavy industry, the paramount importance and advantages of large and medium-sized public enterprises, the need for planning, the development of export industries, and co-operation at the regional and sub-regional level with a view to making optimum use of common resources and ensuring the most efficient possible distribution of enterprises and industrial complexes.

31. The new Organization should not only intensify and improve upon the efforts made in those fields but also formulate more specific measures for speeding up the rate of industrial growth in the developing countries and strengthening international co-operation in the field of industrial development, including the development of the manufacturing, mining and power industries.

32. While the rate of industrialization of the developing countries had increased, it was not rapid enough to increase their share of world production. In the case of the processing industries, their position was actually deteriorating, and their efforts to develop that type of industry were encountering opposition from foreign monopolies. It was the mining industry—and particularly the petroleum industry, whose development was in the interest of foreign capital—which, as in the past, was showing the most rapid rate of growth. Many developing countries were still confined to the role of suppliers of raw materials, and the exploitation of their resources by monopolies jeopardized their industrial development.

33. Industrialization was bound up with the problem of markets, and the developing countries had made great efforts to increase the production of goods which could take the place of imports, particularly the principal types of consumer goods, including textiles. The development of export industries naturally presented more complex problems, but it provided new sources of foreign exchange and made it possible to diversify trade and create markets for industrial products. The countries of the Third World were attempting to establish regional economic unions in order to combat the neo-colonialist policy of the Western monopolies. In some cases, it was only through regional integration that the best use could be made of available resources, particularly when large-scale projects were to be carried out. At the same time, regional unions could play a positive role only if they were not dominated by imperialist monopolies and did not threaten the interests of developing countries which were not members.

34. The draft resolution of the Ad Hoc Committee on UNOID essentially reflected the needs of the various countries in the matter of industrial development. His delegation attached the greatest importance to operative paragraph 1, in which it was stated that "The purpose of the Organization shall be to promote industrial development, in accordance with Article 1, paragraph 3, and Articles 55 and 56 of the Charter of the United Nations, and by encouraging the mobilization of national and international resources to assist in, promote and accelerate the industrialization of the developing countries, with particular emphasis on the manufacturing sector". The second preambular paragraph also rightly stressed that "the acceleration of industrial development, especially in the developing countries, depends largely on the broadest international co-operation". The was why his delegation shared the widespread desire, referred to in the third preambular paragraph, "for a comprehensive organization capable of intensifying, coordinating and expediting the efforts of the United Nations system in the field of industrial development". It also felt that the provisions of operative paragraph 2 (a), (ii) would have an important bearing on the new Organization's work. In that connexion, it should be borne in mind that the world's industrial development was an indivisible process. The technical and scientific revolution made possible and required closer ties between nations and tended to alter the international division of labour. Of course, that process was not without contradictions, which were due both to inequalities in development and to the obstacles which certain Western Powers were putting in the way of genuine international economic co-operation.

35. Unfortunately, as his delegation had already pointed out in the Ad Hoc Committee, the draft resolution contained a number of paragraphs which actually restricted the Organization's purpose as stated in paragraph 1. It was firmly convinced that the provisions which impeded the Organization, within the framework of UNOID, of international economic co-operation to promote industrial development weakened the new institution and left it no recourse, in some cases, but that of unilateral solutions which were not in the interest of the developing countries. His delegation still stood by all the reservations regarding the draft which were recorded in the Ad Hoc Committee's report (A/6229, para. 12), and it supported the amendments and proposals submitted in the Committee by the delegations of other socialist countries. In view of the purpose of UNOID, as stated in operative paragraph 1, it felt that the first preambular paragraph should be amended to read:

"Recognizing that industrialization is essential for economic and social development, especially of the developing countries, and for the expansion and diversification of international trade,".

36. His delegation also endorsed the changes in operative paragraph 2 (a), (ix) proposed by the representatives of Czechoslovakia, Romania and Cuba. Subject to agreement with the ILO, the paragraph could be worded as follows:

"Assistance to the developing countries and international co-operation in the training of technical

and other appropriate categories of personnel needed for accelerated industrial development, especially of the developing countries, in co-operation with the specialized agencies concerned and in conformity with the principles of co-operation and co-ordination set forth in paragraphs 33 and 34 below;".

37. An organization like UNOID, which was oriented towards practical action, could not be fully effective if certain countries which wished to make a contribution to the cause of industrial development were excluded. It was quite improper for a country like the German Democratic Republic, which held the eighth position in the world in industrial production, to be kept out of UNOID. The policy of restricting the Organization's membership was incompatible with the United Nations Charter and with the principles of international economic co-operation on the basis of equality. His delegation strongly objected to the discriminatory nature of paragraphs 3, 13, 16, 22 (a) and 26, which restricted participation in UNOID's activities to only the States Members of the United Nations, the specialized agencies and IAEA; it insisted that membership should be broadened so that all States which wished to do so could participate in the Organization's work.

38. Bearing in mind the concern caused by the proliferation of United Nations organs and the need to make the fullest possible use of the means available, his delegation continued to feel that it was inadvisable to organize special pledging conferences for UNOID, as provided for in paragraph 23 (a). In that connexion, it shared the view of the French representative.

39. Once UNOID was established, it would be necessary to take more vigorous action to change the approach adopted by UNDP, whose management continued to disregard the resolutions calling for increased technical assistance in industrial development and the implementation of investment projects. Without encroaching on the prerogatives of the Economic and Social Council, UNOID must play a leading role in directing and co-ordinating United Nations industrial development activities and not merely act as a documentation centre. The structure of the new Organization must be a simple one calling for as little administrative expenditure as possible. Its activities should be mainly in two closely related fields, namely the formulation of industrialization policies and the provision of technical and scientific assistance in industrial development.

Mr. Tell (Jordan) resumed the Chair.

40. Mr. VISESSURAKARN (Thailand) said that his delegation supported the draft resolution recommended by the Ad Hoc Committee on UNOID and withdrew the reservation it had made in the Committee regarding the composition of the Industrial Development Board provided for in operative paragraphs 3 and 4 of the draft resolution.

41. While it appreciated the work done by the Committee for Industrial Development and the Centre for Industrial Development, his delegation welcomed the establishment of UNOID, which would make it possible to intensify efforts in the field of industrialization and thus benefit not only the developing countries but the advanced countries as well.

42. Although it was true that the success of industrialization depended on the provision of capital and technical know-how by the advanced countries, the developing countries themselves could help to accelerate the process by creating a more favourable climate for investment, improving their labour policies, assigning an appropriate role to Government and enabling their enterprises to increase the scale of production, which was hampered, *inter alia*, by the limited size of domestic markets and the lack of sufficient transport and power resources. For that reason, the establishment of UNOID was essential as a means of assisting the developing countries. His delegation therefore hoped that the Committee would give the draft resolution its unanimous support and that any difficulties which might arise with regard to UNOID's operational activities, especially in the matter of training, could be resolved in the same spirit of compromise.

43. Mr. M'BAYE (Guinea) said that he wished to congratulate the Peruvian representative, who, as Chairman of the *Ad Hoc* Committee on UNOID, had successfully conducted the sometimes highly delicate proceedings until the adoption of a compromise text which represented an agreement that would be dangerous to call into question.

44. The experience of the Centre for Industrial Development would be very useful to UNOID at the start of its work, and his delegation wished to pay a tribute to the competence of the Commissioner for Industrial Development, who, it hoped, would play a leading role in the new Organization.

45. In the view of his delegation, the autonomy envisaged for UNOID in General Assembly resolution 2089 (XX) meant that the new Organization, like the Economic and Social Council, would be directly responsible to the Assembly and would have, for its operational activities, funds derived from voluntary contributions, announced at a special conference and from the resources of UNDP. The future of UNOID depended on its financial resources, and his delegation appealed to the industrialized countries to make the new Organization a reality by following the example of the Scandinavian countries and several other countries which had already announced their contributions.

46. He hoped that the Committee would adopt the draft resolution unanimously, bearing in mind the amendment regarding co-operation between UNOID and the specialized agencies concerned with industrialization. In his view, there should be no conflict of interests between UNOID and the ILO, which had always provided valuable assistance to Guinea and other African States.

47. His delegation hoped that the Committee would be able to choose a site for UNOID's headquarters at the present session on the basis of objective criteria which would ensure the greatest possible efficiency in its operations. He felt that a membership of forty-five was reasonable for the Industrial Development Board.

48. Mr. KOCHUBEI (Ukrainian Soviet Socialist Republic) said that the active part taken in the discussion by representatives of many countries with different

economic and social systems and levels of development showed the interest aroused by UNOID. He was certain that the new Organization could become one of the most important international institutions if it observed the principles of the United Nations Charter regarding international economic co-operation. Above all, it must direct its activities towards promoting the broadest possible economic and scientific co-operation between the industrialized and the developing countries and within each of those groups of countries.

49. For reasons of principle, his delegation was opposed to any attempt to restrict the objectives and membership of UNOID. To do so was not only contrary to the Charter but also inconsistent with the practical considerations which argued in favour of genuine universality in UNOID. The problem of industrialization could be solved only through international economic co-operation from which no country was excluded. Some States which, for one reason or another, were not members of the United Nations had acquired wide experience in the field of industrial development, and UNOID could avail itself of their experience and technical assistance for the benefit of countries which were seeking to diversify their economy. The paragraphs which restricted participation in UNOID's activities weakened not only the draft resolution but the future organization as well.

50. The establishment of an organization like UNOID, which was oriented towards practical action, would unquestionably have a beneficial effect on UNDP and prompt the latter's management to implement more vigorously the General Assembly resolutions calling for intensified aid in industrialization. It was time for UNDP to make a serious start on investment activities, especially with regard to the processing industries. It would be the task of the new Organization to co-ordinate and direct the industrial development activities of the United Nations. In that connexion, he wished to stress the need to ensure close co-operation between UNOID and the Economic Commission for Europe, which had gained a great deal of experience with regard to co-operation between countries with different economic and social systems and had assembled specific information on various branches of industry.

51. His delegation would be interested to learn of the proposals made regarding the structure of UNOID and the methods of financing the Organization. It hoped that the structure decided upon would be a flexible one which would make it possible to avoid red tape and bureaucracy. The new Organization could be staffed without increasing the budget of the United Nations if use was made of the personnel of the Centre for Industrial Development and if some personnel was transferred from the Department of Economic and Social Affairs, which was over-staffed. The personnel of UNOID would have to be recruited in accordance with the principle of geographical distribution, as provided in paragraph 17 of the draft resolution.

52. His delegation did not think it essential to convene special pledging conferences. It supported the amendments submitted by the Soviet Union and other socialist countries.

The meeting rose at 1 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1043rd
MEETING

Tuesday, 25 October 1966,
at 10.40 a.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 41

Activities in the field of industrial development (continued) (A/6433):

(b) Report of the *Ad Hoc* Committee on the United Nations Organization for Industrial Development (continued) (A/6229, A/6303, chap. IV, sect. IV; A/6368, A/6369, A/6415, A/6468, A/6474, A/6481, E/4203, chap. XII; A/C.2/L.863 and Corr.1, A/C.2/L.868 and Add.1, A/C.2/L.869)

1. Mr. NABWERA (Kenya) said that he welcomed the establishment of the United Nations Organization for Industrial Development (UNOID), which would meet the need for diversification of the economies of the developing countries.

2. It was particularly important that the fears sometimes expressed that the work of UNOID and the International Labour Office (ILO) might overlap in the field of manpower training should not prove justified. The work of the various United Nations agencies should be complementary, like that of the various ministries and government departments of a single State. The ILO should thus deal with those problems which it was best qualified to tackle, and UNOID's field of activity should be clearly defined.

3. With regard to the financing of the new Organization, his delegation had no objection to the annual convening of a pledging conference, except that it was apprehensive about the proliferation of such conferences. It therefore suggested that the existing annual pledging conferences held for the United Nations Development Programme (UNDP), the United Nations High Commissioner for Refugees and the World Food Programme, and the new one for UNOID, should be merged in a single conference, at which each State would indicate how its contribution was to be apportioned among the agencies concerned.

4. In view of the number of offers received from States wishing to act as host to the new Organization, the Committee should make its choice as soon as it has made a decision on the basic question whether UNOID headquarters should be established in a de-

veloped or a developing country. The choice of New York would undoubtedly facilitate inter-agency consultation and UNOID's access to various sources of information. However, as UNOID was to concentrate on the problems of development, his delegation thought that it could find no better laboratory than a developing country, where its staff would be able to examine at first hand the practical problems inherent in the various methods of industrialization with which the developing countries had to experiment. It was for that reason that his Government had offered to house UNOID at Nairobi (A/6369), where it was prepared to construct a building in accordance with United Nations specifications and to provide temporary accommodation in the meantime. Several international conferences had already been held at Nairobi, which had a modern communications system, an international airport and an excellent climate and offered everything to be desired in the way of research facilities and social amenities.

5. Mr. DEWULF (Belgium) said that his delegation had not yet the opportunity to explain its views on the draft resolution of the *Ad Hoc* Committee on UNOID, which it would probably have criticized in some respects had it been represented on that Committee. However, it was now able to support the draft, with the exception of operative paragraph 2 (a), (ix), which it felt should be amended to take more account of the ILO's vocational training programmes. The spheres of activity of the two agencies should be clearly defined, in regard to the staff categories as well as the nature of their programmes.

6. With further reference to UNOID's functions, his delegation could accept paragraph 2 (a), (x), relating to the international system of industrial property, which it interpreted in the light of General Assembly resolution 2091 (XX) on patents. It would have wished the draft resolution to mention the need for close co-operation between UNOID and the United International Bureaux for the Protection of Intellectual Property (BIRPI); an amendment (A/C.2/L.868 and Add.1) had already been proposed along those lines but his delegation felt that it might be unwise to embark on a process of amendment and thought that such co-operation could perhaps be ensured under the terms of paragraph 35 of the draft resolution. The functions of UNOID should strike a balance between operational activities and research; thanks to the many studies that had already been carried out by the Centre for Industrial Development, the emphasis could probably be placed on action. Finally, as the activities set forth in paragraph 2 of the draft resolution covered a very wide field, his delegation hoped that the Industrial Development Board would meet as soon as possible in 1967 to approve a definite work programme drawn up in keeping with UNOID's initial possibilities.

7. With respect to the organization of UNOID, his delegation thought that the membership of the Industrial Development Board should not number more than forty-five, which was the number indicated in the draft resolution. Furthermore, the Board, which was authorized in paragraph 14 of the draft to establish subsidiary organs, should not forget the example of the United Nations Conference on Trade and Development (UNCTAD), in which the multiplicity of organs and meetings had so complicated the work of the secretariat and of Governments that the Trade and Development Board had recently felt it necessary for the parent organs to reabsorb some of the subsidiary organs.

8. The secretariat of the new Organization, which was to be financed from the regular United Nations budget, must obviously have adequate funds at its disposal, but his delegation hoped that its budget would be drawn up with the greatest possible concern for economy and efficiency. The secretariat staff should be highly qualified and should also have practical experience, which, particularly in the field of industrialization, was a decisive factor. Moreover, he agreed with the French representative that senior officials should know at least two of UNOID's working languages.

9. Since its administrative and research expenses were to be met from the regular budget, UNOID would have to collect contributions to finance its operational activities. His delegation thought that in order to avoid swelling administrative expenses, which already absorbed too high a proportion of expenditure under operational programmes, it would be useful to channel contributions through the existing machinery, in particular through UNDP, which was already financing projects in all the specialized agencies. Belgium intended to contribute \$200,000 for industrialization in 1967, and it would be able to confirm that commitment and specify the methods of payment as soon as the General Assembly had finished its discussions on UNOID, it being understood that the provisions of paragraphs 22 and 23 of the draft resolution would, naturally, allow each Government to select the method it found most suitable.

10. Under the terms of the draft resolution, UNOID would be vested with considerable responsibility for the co-ordination of industrial development activities, and it would have to ensure such co-ordination with due respect for the statute of each of the agencies concerned. To avoid difficulties, the Secretary-General of the United Nations should make appropriate arrangements, in accordance with paragraph 34 of the draft resolution. Moreover, the co-ordinating responsibility of the Economic and Social Council should not be overlooked, and his delegation was glad that in paragraph 1 of the draft resolution two articles of Chapter IX of the United Nations Charter laying down that responsibility were mentioned.

11. Seven States had already offered their capitals for UNOID headquarters, and a repetition of what had happened over the selection of UNCTAD's headquarters was to be avoided. To take a decision in full possession of the facts, delegations would need to have before them a thorough study of the headquarters facilities offered by each site and of the financial

implications in each case. While it felt that UNOID should preferably be established at United Nations Headquarters or at the Geneva Office, his Government would be able to support a different decision, provided that it met certain criteria of economy and efficiency and enjoyed wide support among Member States.

Mr. Boiko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

12. Mr. Mohamed AL-ATRASH (Syria) said that his delegation would have preferred the draft resolution which had been submitted to the Ad Hoc Committee on UNOID (see A/6229, para.6); but it had given its support, for the sake of compromise, to the draft resolution which was now before the Committee. It therefore appealed to delegations which had voiced criticisms of the latter text to show a spirit of co-operation also and refrain from pressing them. Similarly, he hoped that the Committee would be able to come to an agreement on a modification of operative paragraph 2 (a), (ix) of the draft or, at all events, on the interpretation that should be placed on that sub-paragraph so far as concerned the ILO's vocational training programme.

13. His delegation, like the Tanzanian delegation, thought it very important that the Second Committee should take a decision on the location of UNOID's headquarters. To leave the matter to the Industrial Development Board would be to assign the choice to a body less representative than the General Assembly, and would in addition involve a delay which might result in new offers being received and thus further complicate the choice.

14. He agreed with the French representative that it was essential that the members of the Industrial Development Board should appoint as their representatives qualified experts, who alone would be capable of evaluating the secretariat's work and the problems raised by the industrialization of the developing countries.

15. Mr. BELEOKEN (Cameroon) said that his Government, as a result of its experience of trade in primary commodities and of the risks involved (in 1965, the fall in cocoa prices had cost Cameroon about \$16 million in lost earnings), was endeavouring to accelerate the industrialization of the country by the creation of industries producing mainly for the export market and by planning industrial development on a national and sub-regional scale. Cameroon, which belonged to the Central African Customs and Economic Union, believed that the Union could benefit greatly from UNOID assistance in co-ordinating the development plans of its five member States.

16. His delegation wished to congratulate the members of the Ad Hoc Committee on UNOID on their constructive report (A/6229) and their draft resolution, which they had managed to produce in spite of many difficulties, and it approved, in general, the text of that draft. It considered that UNOID must be an organ of the General Assembly, which must elect the members of the Industrial Development Board; it would have preferred a Board membership of fifty-five, but was prepared to accept the figure of forty-five. Certainly, UNOID must co-ordinate activities in

the field of industrial development, but it must do so in close co-operation with the competent specialized agencies. It was unnecessary to convene a separate pledging conference and his delegation thought that, for reasons of economy, Governments might announce their contributions to UNDP and UNOID at the same time; what mainly mattered was the generosity of the contributions.

17. With regard to the functions of UNOID, he hoped that the Committee would be able unanimously to adopt an amendment to operative paragraph 2 (a), (ix) of the draft resolution, which would eliminate all the difficulties.

18. With regard to sub-paragraph (a), (x) of the same paragraph, he had been asked by the delegation sponsoring amendment A/C.2/L.868 and Add.1 to introduce that amendment, which would improve the text considerably without raising any problem of substance. The amendment, all the sponsors of which were members of the African and Malagasy Industrial Property Office (OAMPI), was designed to secure close co-operation between UNOID and international or regional bodies of the same type; it was in line with the policy of the United Nations, and especially that of UNCTAD, of encouraging the setting up of regional economic groupings in the developing countries; and it constituted a necessary supplement to paragraph 2, sub-paragraphs (a), (i) and (vi). Paragraph 35 admittedly dealt with the same point, but the sponsors of the amendment had thought that regional groupings such as OAMPI should have the unequivocal support of UNOID.

19. Mr. HOUNTON (Dahomey) said that by merely repeating that industrialization was the key to development one could not eliminate the difficulties inherent in the process, as was shown by the impressive number of bodies currently concerned with the various aspects of industrial development. The new Organization would be the result of lengthy discussions and, he hoped, of a compromise acceptable to all parties. It was a sign that perhaps the community of nations would finally succeed in understanding the real problems, which lay in the unbalanced and defective state of the world economy.

20. His delegation supported the draft resolution before the Committee for many reasons. Dahomey, a predominantly agricultural country, had just begun to develop its natural resources in order to lay the foundations of an infrastructure which would lead eventually to local processing of the consumer goods needed by its people. The various austerity measures introduced in order to mobilize part of the resources necessary for the initial phase of the industrialization process were entirely consistent with the principles of UNOID. Dahomey was determined to take up the challenge which under-development represented for the Third World. It was clear, nevertheless, that, however great the efforts and sacrifices might be, no development was conceivable at present without international co-operation and assistance. Included in the various forms of that assistance, which made up the whole range of UNOID's proposed activities, were the effective application of modern industrial methods of production, programming and planning; the strengthening of industrial institutions in develop-

ing countries; the encouragement of regional co-operation in industrial matters; aid to vocational training in order to accelerate industrialization; and assistance to developing countries in obtaining the external financing needed for their industrial projects. In that connexion, he hoped that the new Organization would be given the financial resources necessary to enable it to perform its task efficiently and to guarantee its independence.

21. The industrialization of Africa must be planned in such a way as to promote inter-African complementarity. Africa still aspired towards unity, and one of the best ways of achieving it was by promoting exchanges between the various African States that would free them from the present vicissitudes of international trade, in which they tended to be permanently cast in the role of producers of raw materials, at the mercy of world price fluctuations.

22. His Government thought that UNOID should do all it could to see that its secretariat, in recruiting its staff, took into account the principles of equitable geographic and linguistic distribution. The same principles should be followed in the election of members of the Industrial Development Board. Everyone knew why it was desirable for the developed countries to be represented in the Council. However, by closely associating the developing countries with the activities of UNOID, it would be possible to come to grips with the problems of industrial development, of which those countries were, in the last resort, the best judges. That would prevent reaching obsolete and hasty conclusions such as the familiar one which consisted in blaming all the difficulties of the developing countries on the existence of "tribalism", which was not defined.

23. A considerable number of developing countries already belonged to inter-governmental organizations such as BIRPI and the African and Malagasy Industrial Property Office, whose function was to promote exchanges of technical information and to make it easier to obtain industrial patents. He noted in that connexion that operative paragraph 2 (a), (x) did not mention the undoubted advantage which UNOID would derive from working in consultation with those bodies. Their existence showed the importance attached by Member States to the problem of improving the international rules governing industrial property, and his delegation would like the text to specify that UNOID would communicate with the institutions in question before undertaking activities in that field. With regard to paragraph 2 (a), (ix), he thought it too early to define the respective spheres of the ILO and UNOID in matters of vocational training. The new Organization would clearly have a part to play in everything to do with the promotion of industry, including the training of staff. On the other hand, it was well known that the ILO had always included among its functions the improvement of the social condition of workers in industry and of worker-employer relations, the development of social security and the establishment of safe and healthy conditions of work in factories. All those activities had been of benefit to the developing countries and they should be neither jeopardized nor impeded. Furthermore, the ILO was the only United Nations organ from which

South Africa was excluded and which used Arabic as a working language. His delegation therefore considered that the problem to be resolved was a very delicate one and would welcome any compromise formula in regard to the sub-paragraph in question.

24. Mr. OLSEN (Denmark) said that his delegation would vote in favour of the draft resolution and expressed the hope that the contacts which were taking place on the question of amending one of the sub-paragraphs would be successful. His Government attached great importance to the provisions in the terms of reference concerning co-operation between UNOID and other United Nations and inter-governmental bodies. It hoped, in particular, that there would be close co-operation between UNOID and BIRPI. His Government's support for agriculture did not make it lose sight of the need to help in the industrialization of the developing countries.

25. Mr. DELGADO (Senegal) paid a tribute to the Chairman of the Ad Hoc Committee on UNOID and to the Commissioner for Industrial Development for the remarkable work they had done. The establishment of UNOID was the outcome of long and painstaking effort and a testimony to the common desire to advance towards the targets of the United Nations Development Decade. On achieving its independence in 1960, Senegal had realized the full importance of industrialization in the over-all development process and had allocated to that sector a large part of total public and private investment. In spite of the very marked slowing down in the flow of private capital and the pressing need to promote agricultural production owing to its food deficit, Senegal had succeeded, in three years, in setting up eighty new industrial units. That effort would be maintained under the second plan, and more than 20 per cent of investment would be devoted to industry. Senegal's action in the matter of industrial development was, however, focused on avoiding forced industrialization and the creation of "islands of modernism", owing to the smallness of its markets and the need to base its industry on agriculture primarily in order to promote the processing of raw materials.

26. His delegation, which had voted for General Assembly resolution 2089 (XX), supported the draft resolution under consideration, but thought that the establishment of a new institution, instead of being regarded as an isolated phenomenon, should form part of the broader system of multilateral assistance. He believed that UNOID would make a vital contribution to the economic development of the Third World and to the expansion of its trade. In that connexion he hoped that the developed countries would translate into action the political will they had shown in the matter by making substantial financial contributions pledged at a conference specially convened for the purpose.

27. Once the new Organization had adequate material and financial resources, it should embark on more specific activities based on projects selected by the recipient countries themselves. The activities of UNOID should be co-ordinated as closely as possible with those of UNDP, whose experience in the domain of pre-investment would be particularly useful. That remark was also valid for all institutions concerned

with the financing of development. Close collaboration should be established between UNOID and the specialized agencies in order to avoid overlapping. As regards the relationship between UNOID and the ILO in the matter of vocational training, the aim should be to determine in a rational way how those two bodies—one of which already had its own constitution and the other which was about to have one—could co-operate in discharging functions which belonged in varying degrees to both. Even if the nature of that collaboration was not clearly defined at the outset, the actual operation of the new Organization and the experience it would acquire would make it possible to work out the details under the authority of the permanent organ of the two institutions. His delegation felt that that problem should not divert the Committee from studying the major functions assigned to UNOID. It welcomed the dialogue that had been held on that subject and looked forward to the changes that would be proposed, while reserving its position on them.

28. Paragraph 35 of the draft resolution would enable UNOID not only to collaborate closely with the intergovernmental organizations concerned, but also to further and assist, through them, regional economic integration projects in the industrial field. Africa would offer a particularly suitable field for such action. Thus, the States members of the Union of Riparian States of the Senegal River had already set up an industrial committee for that purpose. Paragraph 2 (a), (x) would stand to gain by including mention of co-operation between UNOID and the existing international and regional bodies which already had some experience in the protection of industrial property. His delegation therefore supported the amendment submitted by Cameroon and other African countries (A/C.2/868 and Add.1).

29. As regards UNOID's headquarters, he thanked those Governments which had offered sites for the new Organization and was convinced that the Committee would carefully study their offers in the light of UNOID's interests.

30. Mr. NEAL (Liberia) said that the Ad Hoc Committee's draft resolution was essentially a compromise text. That fact did not weaken it but imposed considerable restraint on the Committee's examination of it, especially since the delegations which had entered reservations on it had been considerate in withdrawing them and not pressing amendments.

31. His delegation welcomed the fact that the Ad Hoc Committee had reached an agreement which fully recognized the need to promote the manufacturing sector in the economies of the Third World.

32. While sympathizing with the Second Committee's difficulty in attempting to blueprint the immediate or future activities of UNOID, his delegation hoped that a few points would be borne in mind in its consideration of the new Organization's functions. It hoped that UNOID would not be a mere change of name for the Centre for Industrial Development but a take-off on broader lines and with greater depth to meet the actual needs of the developing countries and specifically the development of the manufacturing sector. It also agreed with the Tanzanian delegation that UNOID should not merely accumulate feasibility studies and that its success should be measured not

by the reliability of statistics or size of its reports but by the number of factories which had been established with its assistance.

33. It was also necessary, in order to avoid duplication of effort, to leave no doubt about the relationship of UNOID to other organizations concerned with development. He hoped that some amendments would improve the clarity of those relationships, in particular, the relationship between UNOID and the ILO, and would arrive at a formula which would permit existing institutions, whose functions had not been absorbed by UNOID, to continue to carry on their services so long as they were necessary.

34. The new Organization must have a highly trained team of professionals for its operational activities, which should be given more emphasis. If it encountered recruitment difficulties, it could draw on the consultant services of private firms.

35. His delegation supported the provisions of the draft resolution dealing with the Industrial Development Board but, with regard to the financial arrangements, it hoped that the States which liberally supported the programmes of assistance to the developing countries would recognize the uniqueness of UNOID and its autonomy by pledging separately to it.

36. Subject to those comments, his delegation would support the *Ad Hoc* Committee's draft resolution.

37. Mr. FILALI (Morocco) said that his delegation was particularly gratified by the success of the work of the *Ad Hoc* Committee on the statute of UNOID. It thanked that Committee's Chairman, who had made strenuous efforts, the just reward of which was the compromise text before the Committee. Every compromise, of course, had inherent shortcomings or weaknesses, but that was normal, especially when the substantially differing positions maintained at the beginning were taken into account. The Moroccan delegation, which, in any event, had no major objection to the draft resolution, would therefore give it its full support. What mattered at the moment was, first and foremost, to establish a new organization and to ensure that it was properly launched. In that connexion, it was important to refer to the examples of recently established bodies such as UNCTAD and to make the best use of machinery which had already proved its worth in industrial development, namely the Centre for Industrial Development. He hoped in that connexion that Mr. Abdel-Rahman, the Commissioner for Industrial Development of the Centre, who had displayed so much competence and dynamism, would continue in UNOID the work which he had already begun so successfully.

38. All economists were agreed that industrial development was one of the factors essential for economic growth. The problems it involved were, however, all the more complex as the historical process which had led to the industrial advance of the developed countries had been dictated by quite different circumstances from those of today. In those countries, industrialization had proceeded and developed along with science and technology. In addition, those countries had had the vast territories now constituting the Third World as an outlet for their surpluses. Hence they had been able to develop their industries comfortably, not only in

terms of their own consumption but also in terms of the sphere of influence which each industrial Power had reserved for itself.

39. The problem for the new States today was altogether different. Most of their markets were too small for optimum production. Again, very few markets were accessible to them outside their own frontiers because almost unsurmountable barriers had been set up by most countries. That was an extremely serious problem already affecting their infant and mostly embryonic industries, faced, as they were, by the giant industrial complexes of the developed countries based on highly mechanized production. There was a further problem necessarily following on the first: unfortunately the developing countries were experiencing an unprecedented population explosion, which greatly complicated the work of planners and economists. How, then, were the two apparently contradictory but pressing needs, namely, to utilize the most up-to-date techniques and to ensure full employment of the steadily growing working masses, to be reconciled? That was a field of inquiry which the new Organization should study.

40. In conclusion, he stated that his delegation reserved its opinion as regards the site for UNOID's headquarters.

Mr. Tell (Jordan) resumed the Chair.

41. Mr. CHAMMAS (Lebanon) said that he had not participated in the general discussion, since he had felt that the discussion would have been more appropriate at a plenary meeting of the General Assembly, but that he had listened with interest to the statements of the representatives who had, unfortunately, too often repeated one another.

42. He was glad that the members of the Committee had reached agreement on the amendment to the draft resolution. The developing countries wished to industrialize in order to achieve economic independence, which was an essential prerequisite for political independence, and to do so in an atmosphere of co-operation. However, no country could industrialize in a vacuum; industrial development was an integral part of general economic development, the aim of which was to achieve maximum utilization of resources in order to increase the rate of growth of the economy and thereby ensure a better standard of living for the population. Industrialization also involved many hazards. It was necessary for countries to be cautious, to avoid embarking on projects solely for reasons of prestige, and to take into account the available resources and the technological level attained. In that connexion, he was pleased that operative paragraph 2 (a), (v) of the draft resolution provided that UNOID would assist Governments of developing countries which requested assistance in the formulation of industrial development programmes and technical and economic feasibility studies. Generally speaking, he welcomed the balance maintained by the draft resolution, which dealt with all aspects of industrialization.

43. He hoped that UNOID would be better equipped to perform its task than the Centre for Industrial Development, which was short of funds, and that it would not confine itself to distributing documents.

Statistics were, of course, important, on condition that the conclusions essential for development purposes were drawn from them. Moreover, the fact that stress was laid on the industrialization of the developing countries by no means implied that any country whatever was excluded.

44. Regarding the objection of the representative of Israel to the reference in the draft resolution to the United Nations Economic and Social Office in Beirut, he wished to state that his delegation was pleased with the activities of that Office, which was doing excellent work in the Middle East.

45. Mr. BOUATTOURA (Algeria) said that, although the draft resolution had been adopted unanimously by the Ad Hoc Committee on UNOID, it had been thought necessary to clarify one of the paragraphs in order to dispel some misgivings caused by the establishment of the new Organization. With the Committee's approval, he wished to propose that the present text of operative paragraph 2 (a), (ix) be replaced by the following text (A/C.2/L.869):

"Assistance to the developing countries in the training of technical and other appropriate categories of personnel needed for their accelerated industrial development, in co-operation with the specialized agencies concerned, in conformity with the principles of collaboration and co-ordination set forth in paragraphs 33 and 34 below;"

46. The majority of the members of the Committee were in favour of inserting the following commentary in the report of the Second Committee:

"In adopting the new text for operative paragraph 2, (a), (ix), the Committee understood it to mean that the social aspects of the training of industrial personnel, whether skilled workers or technical and management personnel, will continue to be within the competence of the International Labour Organisation. The technical, economic and administrative aspects of the training of such personnel will be the responsibility of the United Nations Organization for Industrial Development. The ILO, with due regard to the central co-ordinating role of UNOID, will continue the work which it is at present carrying out in the field of vocational training, on the understanding that UNOID may, at a future date, undertake activities in this field on the basis of working arrangements mutually agreed upon between the two organizations."

That commentary was the result of a joint effort by the great majority of delegations and he hoped that it would be adopted unanimously.

47. Mr. M'BAYE (Guinea), speaking on behalf of the African group, thanked the negotiators who had enabled the Committee to surmount the deadlock on co-operation between UNOID and the ILO. He wholeheartedly supported Mr. Bouattoura's proposals and expressed the wish that co-operation between the two organizations would go on developing far beyond the mere legal arrangement that had been arrived at.

48. U THET TUN (Burma), speaking on behalf of the Asian group, supported the amendment to operative paragraph 2 (a), (ix) and the relevant commentary as they solved the problem of co-operation between UNOID

and the ILO. He would have preferred to retain the draft resolution as it had been adopted after prolonged negotiations, but the proposed amendment was acceptable, on condition that the commentary was included in the Committee's report. The first two sentences of the commentary defined a functional division, while the third stressed the central co-ordinating role that UNOID would have to play in order to prevent any duplication in that field.

49. Mr. ROOSEVELT (United States of America), speaking on behalf of the United States and the group of Western countries, supported the proposed amendment and the commentary, which he regarded as a good example of a compromise solution involving concessions on both sides. One of the reasons why that solution was acceptable was that it was also acceptable to the ILO.

50. Mr. LORENZO FERNANDEZ (Brazil), speaking on behalf of the Latin American countries, supported the amendment, which preserved the balance of the draft resolution, and the commentary, which fully reflected the position of the developing countries, especially those in Latin America.

51. Mr. SADI (Jordan) said that the fact that the Committee had unanimously agreed to accord priority to the item on UNOID stemmed from the conviction that the new Organization would fill a gap and would promote the accelerated industrialization of the developing countries. Many countries which had received the same advice on industrialization as Australia had received forty years earlier were just as determined at the present time to industrialize as Australia had been at that time, for they regarded industrialization as one of the prerequisites for meaningful development.

52. The draft resolution adopted by the Ad Hoc Committee on UNOID was a compromise on the part of all countries, especially on the part of the developing countries, and had been the consequence of long and hard deliberations. He hoped, therefore, that delegations would refrain from presenting any new amendments which might open the door to more negotiations. The acceptance of the amendment, to operative paragraph 2 (a), (ix) represented a new concession intended to avoid friction with any specialized agency on matters of competence. The basic concern was that UNOID should be recognized as having the leading and central role in industrial development and that it should be able to begin its work as soon as possible in 1967. It would be easier in due course to delineate the fields of competence of, and areas of co-operation between, UNOID and the other United Nations agencies. The search for compromise and unanimity necessarily resulted in some vagueness in the text, but it was preferable not to try to clarify it.

53. His delegation therefore appealed to other delegations to adopt the draft resolution unanimously and so enable the Secretary-General, following action by the General Assembly on the matter, and after the election of the members of the Industrial Development Board, to nominate the Executive Director of UNOID before the end of the session. Regarding the site of the new Organization's headquarters, his delegation shared the Argentine delegation's view that a

decision could not be taken in the abstract and that all the relevant practical considerations had to be taken into account. It was also necessary that UNOID should have funds at its disposal separate from those available to UNDP and constituted by contributions announced at a pledging conference. Otherwise both UNDP and UNOID would be weakened.

54. Mr. KHAN (Pakistan) recalled that his delegation had served on the Ad Hoc Committee on UNOID which had succeeded in producing the compromise draft resolution which he hoped the Committee would adopt unanimously. He called upon those delegations which still had doubts and misgivings not to press their reservations which might reopen the negotiations and upset the delicate balance of the whole draft resolution.

55. His delegation hoped that UNOID would become operational in the shortest period of time so that it could provide effective assistance to the developing countries in accelerating their industrialization. The new Organization must have funds commensurate with the demands that would be made on it. It was to be hoped that the developed countries would contribute liberally to the operational budget of UNOID and that adequate funds would be provided in the regular budget of the United Nations to defray the normal expenditure of the secretariat of the new Organization.

56. His delegation was also concerned by the attempts to make UNOID a subsidiary organ of UNDP, especially as it had been agreed that the new Organization would be autonomous. It could not be autonomous unless it had financial independence ensured by voluntary contribu-

tions. That was why it would be preferable to provide for a separate pledging conference. As far as the participation of UNOID in UNDP was concerned, his delegation wished to see UNDP give greater emphasis to industrial development activities, as his country's representative had requested at the recent United Nations Pledging Conference of UNDP, while announcing that Pakistan's contribution would be increased by nearly 20 per cent.

57. The new Organization would have to have close relations and co-operative working arrangements with other specialized agencies which had tried in the past to fill the gap in the field of industrial development. It would still be necessary to rely on the expertise of certain organizations, such as that of the ILO in the field of vocational training, but there was no doubt that UNOID would have to play the central co-ordinating role. His delegation was satisfied with the original paragraph dealing with the functions of UNOID in that field, but was prepared to accept the amendment proposed by the representative of Algeria, with the commentary given by him.

58. Mr. DELGADO (Senegal) said that after hearing the representatives of Algeria and Guinea he was prepared to support the amendment to operative paragraph 2 (a), (ix), but wished to reserve his position on the commentary on that amendment, which seemed ambiguous and vague. In his view, the spheres of action of, and the areas of co-operation between, the two organizations could be more accurately defined only after UNOID had started functioning.

The meeting rose at 12.55 p.m.

United Nations
GENERAL
ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1044th
MEETING

Tuesday, 25 October 1966,
at 3.40 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 41

Activities in the field of industrial development
(continued) (A/6433):

(b) Report of the *Ad Hoc* Committee on the United Nations Organization for Industrial Development (continued) A/6229, A/6303, chap. IV, sect. IV; A/6368, A/6369, A/6415, A/6468, A/6473, A/6474, A/6481, E/4203, chap. XII; A/C.2/L.863 and Corr.1, A/C.2/L.868 and Add.1, A/C.2/L.869)

1. Mr. MURGESCU (Romania) said that his Government had long held that industrialization was the key to the major problems of economic development and social progress. The establishment of the United Nations Organization for Industrial Development (UNOID) would therefore be one of the landmarks of the twenty-first session of the General Assembly.

2. With reference to the draft resolution adopted by the *Ad Hoc* Committee on UNOID for transmittal to the General Assembly (A/C.2/L.863 and Corr.1), he drew attention to the reservations and comments of his delegation (A/6229, para.12) concerning operative paragraphs 1, 2 (a), (i) and 2 (a), (vi). Paragraph 2 (a), (ix) and the first preambular paragraph might give rise to restrictive interpretations. In order to avoid that possibility, he hoped the Committee would give due consideration to the USSR proposal submitted at the 1042nd meeting. Certain provisions of the draft resolution, particularly paragraphs 3, 13, 16 and 26, were not in accord with the principle of universality and would thus deprive UNOID of the benefit of co-operation with all countries capable of contributing to its activities on behalf of the developing countries. He would therefore be unable to support those provisions as they stood.

3. Finally, the site of UNOID's headquarters should be chosen in the light of the need to ensure optimum working conditions at minimum cost.

4. Mr. ELM (Iran) said that, while the establishment of UNOID was a major step towards expediting the industrial progress of the developing countries, its success would depend on its funds, the quality of its

staff and organization, the degree of co-ordination with other United Nations bodies, and the extent of its co-operation with the developing countries. The functions of UNOID would be very far-reaching and it was to be hoped that both the developed and the developing countries would bear that in mind when contributing to it. In the long run it would be in the interests of the economically advanced countries themselves to make substantial contributions and work out a comprehensive programme. The renovation of existing institutions and the building of infra-structures were two aspects in which their co-operation would be particularly useful.

5. He agreed with the Italian representative that the Industrial Development Board should meet as soon as possible to determine the organization and functions of UNOID, its co-operation with other agencies and its approach to the institutional aspects of industrial development. In the draft resolution adopted by the *Ad Hoc* Committee a compromise had been reached without the sacrifice of principles and it would be acceptable to his delegation with the amendment which had been submitted to paragraph 2 (a), (ix) (A/C.2/L.869).

6. Mr. HUSSEIN (United Arab Republic) associated his delegation with those which had welcomed the Algerian amendment to operative paragraph 2 (a), (ix).

7. He would support the *Ad Hoc* Committee's draft resolution but would make a few general comments which should be carefully considered by the delegations of those countries whose advanced level of industrialization imposed on them a special responsibility with regard to the future activities of UNOID. First it should be noted that, despite repeated General Assembly and Council resolutions calling on the United Nations Development Programme (UNDP) to devote more of its funds and activities to industrial development, that field was being seriously neglected. For example, only three of the seventy-two UNDP projects approved in the current year related to such development. Secondly, most if not all of the specialized agencies had operational funds administered solely by themselves, and that arrangement seemed to have been functioning satisfactorily. Thirdly, it should be remembered that the Centre for Industrial Development had applied procedures and pursued objectives different from those of UNDP and the reason for the establishment of an autonomous organization was the conviction that there was need for a body dealing exclusively with industrial development as a problem to which the developing countries attached paramount importance. Fourthly, if UNOID was to function effectively, it was essential not to sacrifice substance to form. In that connexion, he expressed concern lest undue importance should be given to the manner of

disposal of the funds available to UNOID at the expense of its fundamental purposes. The way to avoid duplication was not to deny UNOID financial independence but to ensure adequate co-ordination with all other United Nations bodies.

8. Mr. MARAMIS (Indonesia) expressed satisfaction that UNOID, as proposed in the draft resolution, would be autonomous and would play the central role in reviewing and promoting the co-ordination of all industrial development activities of the United Nations system. Only the consistent application of those two principles would guarantee UNOID's ultimate success. It was therefore of the greatest importance that UNOID should have adequate resources and be responsible for disposing of them in the most efficient way. He was strongly in favour of the proposal that voluntary contributions to UNOID for its operational activities should be made at a pledging conference. As the available resources would probably in any case be limited, UNOID should focus on such practical activities as industrial feasibility studies, pilot projects and the training of skilled manpower.

9. In the interests of efficiency, the programmes of UNOID should be co-ordinated with those of other United Nations bodies, international organizations dealing with industrial development, such as the United International Bureaux for the Protection of Intellectual Property, and even non-United Nations aid-giving agencies. He noted in that connexion that regional organizations were usually better acquainted with the economic, social, and political forces underlying economic development in their areas than were international agencies.

10. His delegation attached particular importance to the following activities which UNOID might undertake: industrial development related to agricultural production; the promotion of labour-intensive industries; foreign exchange-earning and import-substitution industries; assistance in identifying the most promising projects in the national industrial development plans of the developing countries.

11. As far as the site of UNOID headquarters was concerned, his delegation was inclined to favour a developing country and it endorsed the objective criteria enunciated by the Czechoslovak delegation.

12. The draft statute of UNOID did not entirely satisfy his delegation's views concerning the autonomous status and universal character which the Organization should have, but he recognized that it was the result of a compromise. Moreover, provision was made for further improvement of the Organization's institutional arrangements. He hoped that the General Assembly would accordingly review UNOID's effectiveness in the not too distant future. He also welcomed the arrangements worked out with the International Labour Organisation (ILO); the relevant amendment could be made without upsetting the delicate balance represented by the Ad Hoc Committee's unanimous adoption of the draft resolution.

13. His delegation would support that draft but suggested that, before it was voted upon, the Committee might give more thought to improving the new Organization's name.

14. Mr. THAWLEY (New Zealand) said his delegation appreciated the complexity of the industrialization process which required efforts at all levels—national, regional and international. New Zealand had recently participated in the establishment of the Asian Industrial Development Council and had high hopes of that important body. But it also realized the need for an organization taking an over-all view. That was New Zealand's conception of the main function of UNOID and he welcomed its establishment as the major co-ordinating body for industrial development, leaving operational activities to bodies already in the field.

15. While appreciating the compromise that had been reached in the Ad Hoc Committee, his delegation thought that the draft resolution might have been improved in some respects. For example, it was somewhat uncertain about the provisions concerning the relationships between UNOID and other bodies. However, the general intention seemed clear enough and the amendment proposed to paragraph 2 (a), (ix) should help in that respect. The siting of UNOID headquarters in either New York or Geneva could also improve co-operation with other organizations, especially UNDP and the ILO, and would result in economies of administration.

16. The new body should have its administrative and research costs charged against the regular United Nations budget, and its operational expenses should be met through participation in UNDP. His delegation would have preferred a rather smaller Board, although the membership of forty-five seemed a reasonable compromise.

17. Mr. POLIT (Ecuador) expressed the hope that the Second Committee would endorse the draft resolution which it had before it. His delegation had no amendments to submit and firmly believed that the future of UNOID would depend less on its statute than on the calibre of its management and on the environment in which it developed. Throughout its history the United Nations had established special bodies to meet certain needs such as agricultural development (Food and Agriculture Organization of the United Nations (FAO)), finance (International Monetary Fund (IMF)) and reconstruction (International Bank for Reconstruction and Development (IBRD)), but there had been a serious gap where industrialization was concerned. Industrialization brought with it greater income and greater per capita consumption. While not a panacea, it was the shortest road to higher standards of living. In the modern world, it was synonymous with freedom and democracy.

18. His delegation therefore supported the report of the Ad Hoc Committee on UNOID (A/6229). It hoped that UNOID would be established in one of the small industrialized countries of Europe which had done so much for international co-operation. The new Organization must eschew voluminous reports and concentrate on practical work directed by highly qualified officials. It must be supported by all countries working together for the cause of peace. Ecuador was fully prepared to play its part.

19. The task of the General Assembly was to ratify what had already been agreed upon, and his delegation saw no obstacle in the draft resolution which would

prevent co-operation between UNOID and the other members of the United Nations family. The text was broad in scope and would allow the leaders of the new body to meet every contingency with good judgement and common sense. At the same time it must be given the necessary resources. His delegation had no particular preference for the method of financing as long as UNOID was autonomous in that respect.

20. Mr. WRIGHT (Niger) said that the Ad Hoc Committee on UNOID had submitted an excellent and perfectly balanced report. His delegation approved the idea of sending a group of experts to the various capitals which had been offered as possible sites for the headquarters of UNOID. Their report could be examined by the Industrial Development Board at its first session and the site could be agreed upon at that time. Such a procedure would make it possible to evaluate each of the generous offers made and to take a decision with a full knowledge of the facts.

21. His delegation agreed with the decision taken by the Ad Hoc Committee concerning the functions of the new Organization. Its first task must be to acquire as soon as possible the specialized knowledge expected of it in respect of processing industries. At the present stage it should not interfere with the work being done by the United Nations family on natural resources, transport, town planning, public finance, financial policy and economic research. His delegation also favoured a very clear delimitation between the role of UNOID and the ILO as regards vocational training. The experience of the ILO on the subject was unquestionable. The new Organization should try to fill the gaps and concentrate on vocational training in the processing industries.

22. The new Organization had been established under favourable auspices and had raised high hopes everywhere. Its meagre resources should not be wasted through dispersal of effort. If it succeeded in responding to the immense needs of the developing countries, the efforts which had gone into its establishment would be amply rewarded.

23. Mr. ABERKANE (Algeria) said the fact that the draft resolution had been adopted by the Ad Hoc Committee on UNOID as a compromise after long and difficult negotiations was an advantage, not a weakness. The new Organization should now command general support, fill a gap in United Nations machinery and give new impetus to the United Nations Development Decade. His delegation was particularly gratified at the arrangements that had been made for financing UNOID and for giving it the co-ordinating role in the United Nations family. He had no fixed views on the structure of its secretariat provided that it was flexible and based on the experience of the Centre for Industrial Development. The site of UNOID might be decided upon after studies had been made in the regional groups to which the countries extending the invitations belonged. Presumably the first session would be held at Geneva, and the site could be chosen once agreement had been reached on UNOID's responsibilities.

24. It was essential for UNOID to remain an autonomous organ directly responsible to the General Assembly, in accordance with Article 22 of the United Nations Charter. As stated in paragraph 27 of the draft resolution, it must play the central role in all

activities of the United Nations concerned with industrial development, and paragraph 28 should dispel any doubts concerning its relationship with the Council. Also important was the role of the regional economic commissions, as set out in paragraph 2 (a), (vi) and paragraph 30. The new body should do its utmost to disseminate technological knowledge as recommended in paragraph 2 (a), (iv) and 2 (a), (x). He hoped that in doing so it would enlist the help of the International Union for the Protection of Industrial Property and of the Advisory Committee on the Application of Science and Technology to Development. His delegation favoured the broad composition of the Board and considered the membership of forty-five to be a minimum.

25. Paragraphs 22 and 23 were of vital importance for the future of the new Organization since they represented a combined effort by developing and developed countries to ensure its financial continuity. He hoped that final agreement would be reached on the need for a pledging conference as recommended in paragraph 23 (a).

26. Finally, his delegation felt that, in operative paragraph 1 of the draft resolution, it was misleading to place particular emphasis on the manufacturing sector. Many of the developing countries were much more concerned with processing their raw materials, exploiting their mineral wealth, developing their power networks and, in general, building a sound infra-structure. He would therefore like to submit an amendment to that paragraph emphasizing the mining and power sectors as well as the manufacturing sector; if there were objections, he would like his view to be included in the Committee's report.

27. Mr. MORSE (Director-General, International Labour Organisation), speaking at the invitation of the Chairman, expressed his appreciation of the understanding the Committee had shown in dealing with the difficult matter of the relationship between UNOID, the ILO and the other specialized agencies. The Algerian amendment (A/C.2/L.869) to operative paragraph 2 (a), (ix) of the draft resolution, would provide the necessary clarification of the respective roles of UNOID and the ILO—and other agencies—in industrial development. His organization was grateful to those who had expressed support for the amendment on behalf of the African, Asian and Latin American groups of countries and to the representatives of the developed countries, both East and West, who had endorsed the agreed solution to the problem.

28. The establishment of UNOID had been welcomed by his organization as a dynamic and important advance in the common effort of the United Nations to improve the standards of living of people and workers through industrial development. The purpose of the new Organization was in line with the ILO's efforts to help developing countries to diversify their economies and develop the skills required for raising their living standards, and the ILO would support it to the maximum of its resources. Moreover, the amendment to the draft resolution had made it possible for the ILO not only to support the objectives of UNOID by intensifying its vocational training activities, but to accept fully the leading role of UNOID in co-ordinating the efforts of all bodies concerned with industrial development, in order to secure maximum efficiency.

The activities of the ILO would therefore be dovetailed with those of UNOID and other agencies to make industrial development in the developing countries really work.

29. The governing body of the ILO, when it would meet in the following week, would be informed of the decisions taken by the Committee and the General Assembly and he was convinced that it would take that opportunity to pledge its full co-operation to UNOID, on behalf of the Governments, employers and workers represented in the ILO, and would wish the new Organization every success.

30. Mr. ORR (Food and Agriculture Organization of the United Nations), speaking at the invitation of the Chairman, said that FAO was fully aware of the importance that the decisions the Committee was about to make had for the developing countries and for the international organizations which would have to play an important part in making UNOID a success. He was therefore happy to reiterate the Director-General's profound satisfaction at the manner in which it was proposed to stimulate industrial development in developing countries and his frequently expressed belief in the interdependence of agriculture and industry in the process of economic development generally. Realizing that in most of the developing countries agriculture was required not only to produce food for the population, but to earn much of the foreign exchange needed for the capital imports required for industrialization, the recent conferences of FAO had recommended a more vigorous programme for promoting industries in the sphere of competence of FAO, such as the processing of food products, fishery industries and forestry industries.

31. Those industries could not, however, be considered independently of the production of raw materials and the social factors affecting the people who produced them: the products of agriculture, fisheries and forestry were often the only raw materials on which developing countries could base their industrial development plans. The Food and Agriculture Organization of the United Nations had therefore committed itself to undertake practical programmes of action in those areas, and the Director-General had called for a close working relationship between UNOID and FAO in order to ensure integrated development. A printed publication on the range of FAO's industrial activities had been distributed to the members of the Ad Hoc Committee on UNOID.

32. The draft resolution before the Committee was the fruit of a compromise and had the inevitable defects of any compromise. Discussions on the draft resolution in the Economic and Social Council and its co-ordination organs had led to full recognition of the problems involved and the General Assembly had to find acceptable solutions to them.

33. The provisions of the draft resolution relating to the relationship of UNOID and the specialized agencies were so wide that great care would have to be exercised by all concerned if duplication of effort was to be avoided and the experience and facilities of existing international organizations utilized to the full. He was convinced that satisfactory arrangements could be worked out at the inter-secretariat level, with the

assistance of the Administrative Committee on Co-ordination (ACC); nevertheless, if a particular function were to be included in the constitution of more than one agency, difficulties in day-to-day operations could well occur. In such cases, if two agencies received requests from different Member States for the same kind of assistance, constitutional requirements would oblige each to take action independently. Recently, for instance, the Centre for Industrial Development had assisted one country, on request, to establish a pilot plant for the production of newsprint from domestic raw material. Forest industries, including pulp and paper manufacture, had, however, been one of the functions of FAO since its inception. In forest industries, as in many others, there was also the danger of establishing isolated plants divorced from consideration, bearing on the production of the raw material. Such cases underlined the need for proper safeguards for co-operative endeavour.

34. The co-ordination functions involving other agencies in industrial development which were attributed to UNOID in the draft resolution raised a further constitutional and practical point. The new Organization should, of course, be enabled to take an over-all view of the process of industrial development in order to identify gaps and promote a comprehensive and balanced programme. There was a genuine risk, however, that the possession of both co-ordinating and operational functions might impose a strain in avoiding situations in which its judgement as a co-ordinator would be affected by its interest as an operating body. Moreover, the dilution of the Council's specific responsibility, under the United Nations Charter, for co-ordinating the activities of the United Nations system, by entrusting part of that responsibility to the governing body of an operational organization, might well give rise to difficulties. In fact, that situation created special constitutional difficulties for some of the specialized agencies, including FAO, and the Director-General was convinced that, although UNOID should play an important role in facilitating the co-ordination of industrial activities, co-ordination at the highest level should be left to the Council.

35. The Director-General of FAO believed that the difficulties and uncertainties inseparable from the beginnings of a new organization would, in time, be overcome and an acceptable understanding reached on situations of the kind to which he had referred. He had been encouraged in that belief by the assurance given by the Second Vice-President of the Economic and Social Council at the third joint meeting of ACC and the Special Committee on Co-ordination,^{1/} that no serious problems of co-ordination would be caused by the establishment of UNOID. The Second Vice-President had also stated on that occasion that UNOID would never encroach on fields which came within the terms of reference of FAO and that it would make contact with the specialized agencies to discover how their particular expertise could best be used in promoting industrial development. Such clarifications had done much to dispel the misgivings of the specialized agencies.

The meeting rose at 5.25 p.m.

^{1/} See CO-ORDINATION/JM.4.

United Nations
**GENERAL
ASSEMBLY**

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1045th
MEETING**

Wednesday, 26 October 1966,
at 10.35 a.m.

NEW YORK

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AGENDA ITEM 41

Activities in the field of industrial development
(*continued*) (A/6433):

(b) Report of the Ad Hoc Committee on the United
Nations Organization for Industrial Development
(*continued*) (A/6229, A/6303, chap. IV, sect. IV;
A/6368, A/6369, A/6415, A/6468, A/6473, A/6474,
A/6481, E/4203, chap. XII; A/C.2/L.863 and Corr.1,
A/C.2/L.868 and Add.1, A/C.2/L.869)

1. Mr. TEMBOURY (Spain) said he was glad to note that at a time when the hopes of the developing countries were disappointed owing to the unsatisfactory results of the first half of the United Nations Development Decade, the General Assembly was about to rectify a regrettable omission. For twenty years the United Nations bodies had dealt with agricultural, monetary, financial and trade problems but had made only sporadic attempts to promote industrialization. It was, however, only right to pay a tribute to one of the bodies, the Centre for Industrial Development, which, although its resources were limited, had achieved positive results and had succeeded in preparing the way for the creation of the United Nations Organization for Industrial Development (UNOID).

2. The draft resolution of the Ad Hoc Committee on UNOID (A/C.2/L.863 and Corr.1) was a compromise text which could not fully satisfy the wishes of all delegations; but as the discussion had shown, it had a considerable measure of agreement behind it, and it formed a good basis for the setting up of the new Organization. His delegation would support the draft resolution, subject to the amendment proposed by Algeria (A/C.2/L.869), and did not think it necessary to maintain the reservation it had made in the Ad Hoc Committee.

3. It believed that UNOID, while granting priority to countries which particularly needed technical and financial assistance in connexion with industrialization, should be at the disposal of all its members, since there was no country, however advanced, which could not benefit by the experience acquired through joint effort.

4. The industrial development aimed at should, moreover, be accompanied by a systematic and progressive expansion of the markets in order to ensure the profitability of the new undertakings.

5. The generous offers received with regard to a site for the headquarters of UNOID should be examined carefully to ensure that the site chosen was the one best suited to the aims of the Organization. The secretariat should be composed of outstandingly competent and experienced officials recruited on the basis of equitable geographic distribution.

6. While his delegation recognized that the various aspects of industrialization were primarily a matter for UNOID, it nevertheless believed that the co-ordination of the activities of the United Nations bodies in that field should, as provided in the United Nations Charter, be the responsibility of the Economic and Social Council, which was in a position to prevent overlapping and disputes as to competence.

7. If UNOID was to prevent the social tensions of which the industrial revolution of the nineteenth century had left bitter memories, it must, in co-operation with other specialized agencies, endeavour to make full use of all the means available in the present century for implementing the social progress that must accompany economic development.

8. He wished, in conclusion, to assure the Committee of his country's desire to co-operate fully in the work of the new Organization by contributing the fruits of its experience and making every effort to take advantage of the lessons learned in other countries.

9. Mr. AGIUS CESAREO (Malta) recalled the doubts his delegation had expressed at the twentieth session as to whether the establishment of UNOID would further the industrial development of poor countries. The draft resolution of the Ad Hoc Committee on UNOID had not dispelled those doubts.

10. In the first place, would the machinery to be established enable UNOID to function smoothly? Secondly, were the functions proposed for UNOID such as to give an assurance that its activities would be directed towards practical assistance in the establishment of industries in individual countries, and not towards global and unsolicited advice on policies, the establishment of global guidelines, repetitive exchanges of experience and endless research? If the Ad Hoc Committee had sought the opinion of all the Members of the United Nations, a number of them could have made suggestions that might have materially improved the draft resolution. The latter provided, for instance, that UNOID was to be "an autonomous organization within the United Nations", but according to paragraph 32 it appeared that it would be a department

of the United Nations Secretariat. It was not clear either from paragraph 7 (h) of the draft resolution whether the work of UNOID would be co-ordinated by the Economic and Social Council, like the work of the specialized agencies. The financial arrangements did not seem very appropriate for an autonomous organization, and his delegation had strong reservations about the financing from the United Nations budget of the wide research activities which might be undertaken by UNOID under paragraph 2 of the draft resolution. It was also unable to understand the precise meaning of paragraph 22 (c) regarding the utilization of the resources of the United Nations regular programme of technical assistance.

11. It was paragraph 2 of the draft resolution, however, that aroused the greatest fears of his delegation. The majority of the activities listed in paragraph 2 (a) did not come within his delegation's definition of the word "operational"; paragraph 2 (b) spoke of global studies and global research which, though useful in universities, were of limited utility to Governments which had to deal with concrete problems.

12. His Government, which urgently needed practical advice and financial resources to ensure its industrial development, yielded to none in its desire to see the United Nations make a greater contribution to industrial development; but in view of the formulation of the vital paragraph relating to the functions of UNOID, it could not endorse the draft resolution. He would accordingly abstain from voting and expressed the hope that the expert direction of the Industrial Development Board would repair the deficiencies of the draft resolution and that his delegation would be able in 1967 to give a whole-hearted vote of confidence to the new and extremely important Organization.

13. In conclusion, he said that he strongly favoured the Algerian amendment, which materially improved paragraph 2 (a), (ix).

14. Mr. AL-AGROUSH (Saudi Arabia) congratulated the Ad Hoc Committee on UNOID on its draft resolution, which he hoped would be adopted unanimously. His delegation did not doubt that the new Organization would meet the aspirations of the developing countries by helping to narrow the gap between those countries and the developed countries. It appealed to all States to contribute generously to the financing of the new Organization.

15. His delegation would vote in favour both of the draft resolution and of the Algerian amendment.

16. Regarding the headquarters of the new Organization, his delegation would like to see it established in a developing country, preferably Turkey.

The meeting was suspended at 11 a.m. and resumed at 11.15 a.m.

17. Mr. PEREZ LOPEZ (Mexico) said he would like first of all to emphasize his delegation's interpretation of operative paragraph 2 (a), (i) and (vi) of the draft resolution. The industrialization process, which always began with import substitution, was very soon confronted with the problem of the smallness of the domestic markets. The solution for that problem was the constitution of free-trade areas and common markets. Latin America had already set up the

Central American Common Market, composed of five countries, and the Latin American Free-Trade Association, composed of ten countries, and it had realized that many difficulties could be overcome by the economic integration of an entire region. Such integration implied rational and co-ordinated planning of industrialization, namely, the selection of industries and the judicious choice of the siting and size of undertakings to ensure that they had a sufficient scale of production to make their prices reasonable. Programming of that kind was extremely delicate, and consequently UNOID must, in his delegation's view, pay special attention to the regional integration of industrial development.

18. Despite its brevity, operative paragraph 2 (b) dealt with a function that was most important for the success of UNOID, since it would have to plan a strategy of industrialization in the developing countries that could help Governments to choose between a number of alternatives. The advisory functions of UNOID must play an essential part, and it would be unfair to measure the success of the Organization by the number of factories it helped to construct, since the implementation of specific projects depended on many different factors, such as financing, a country's monetary and political stability and its fiscal policy, etc., over which UNOID had no control whatever.

19. His delegation therefore believed that the secretariat of UNOID should be composed essentially of a small nucleus of highly competent officials who would be able to launch new ideas and draw up industrialization policies at the local, national, sub-regional, regional and international levels. For the feasibility studies it would be required to undertake, the secretariat should have the services of thoroughly competent experts recruited on either a temporary or a permanent basis.

20. His delegation wished to express its gratitude to the Ad Hoc Committee on UNOID for the draft resolution it had prepared. It would vote in favour of the draft resolution and of the Algerian amendment.

21. Mr. LOBANOV (Union of Soviet Socialist Republics) thought that the statement of administrative and financial implications submitted by the Secretary-General (A/6481) made it possible to tackle effectively the organizational questions raised by the establishment of UNOID. His delegation thought those problems were quite as important as the questions of the new Organization's general policy and resources, for to endow UNOID with an organic framework which was defective would inevitably make it inefficient, whatever the resources placed at its disposal. It would require a collective analysis and research effort to work out a satisfactory structure, and that proposed by the Secretariat was not in keeping with the purposes planned for UNOID. Moreover, the proposed functional outline gave no indication as to the framework of the future secretariat. His delegation thought that the secretariat of UNOID should be as compact and efficient as possible. It should secure the services of highly qualified specialists capable of administering it flexibly and of keeping administrative costs down to the minimum. It should not be encumbered with supernumerary staff, and all its

services should be directly linked with operational activities.

22. The example might be followed of the organization of the Centre for Industrial Development, which had passed the trial period and now needed only to be improved and enlarged. The new Organization would thus have two main operational units concerned with activities in the fields of industrial technology and research respectively, and headed by deputy executive directors. The establishment of a management committee made up of the Executive Director, his two deputies and the chiefs of the main services would obviate the errors which might arise from the absence of a collegiate-type of administration. The Executive Director should, of course, be assisted by a unit with purely administrative functions. His delegation hoped that question would be examined later, at the first session of the Industrial Development Board.

23. With regard to the question of the total strength of the UNOID secretariat, he thought that the figure of 300 professional staff—plus an unspecified number of general service staff, probably over 200—proposed in the annex to document A/6481, was too high and would be more suitable for a kind of world ministry of industrialization. The total number of staff in both categories should not exceed 300, if a dispersion of UNOID's activities was to be avoided. Similarly, the estimate of \$750,000 to cover 1967 costs for additional personnel seemed too high. He hoped that the consideration of that question by the Fifth Committee would make it possible to effect some savings. It was, moreover, to be regretted that the document in question did not mention the possibility of transferring to UNOID the appropriations earmarked for unfilled posts in the Department of Economic and Social Affairs and, more particularly, in the Resources and Transport Division. Such transfers would enable considerable savings to be made. In conclusion, he expressed the hope that the Executive Director of UNOID would take note of his observations and that the Industrial Development Board would give the organizational questions the attention they deserved.

24. Mr. AL-RIFAE (Kuwait) said he felt sure that his country, which needed assistance in drawing up industrial development programmes and specific projects, and for the training of the necessary staff, would obtain the utmost benefit from the activities of UNOID.

25. Kuwait was aware of the need to diversify its economy and lessen its dependence on the proceeds from oil sales, and had already established a planning board and an institute for the training of officials and specialists from Kuwait and the neighbouring Arab countries in social, economic and financial planning. His Government also granted subsidies for the establishment of petrochemical industries to make use of the vast quantities of gas which were at present destroyed in oil extraction.

26. His delegation unreservedly supported the establishment of UNOID and hoped that all the delegations would be able, in a spirit of compromise, to express their support for the draft resolution, so that the Organization could start operating early in the coming year.

27. Among the various offers to provide a site for the Organization, the one should be chosen which gave the best guarantees of economy and ease of access. The staff of the Organization should be recruited from highly competent experts.

28. Mr. VIAUD (France) said it was natural that the representatives of the countries making the largest contributions should express doubts or make reservations with regard to the budget estimates drawn up by the Secretariat. It was to be noted in that respect that, as the Secretary-General had emphasized in his report (A/6481), the estimates were of a provisional or even arbitrary nature. They would undoubtedly have to be re-examined at the first session of the Industrial Development Board. The assessment of UNOID's expenses depended, in fact, on several factors such as the preparation of the new Organization's work programme and the selection of its site. With regard to the latter, the report stated that the estimates were presented on the assumption that the headquarters of UNOID would be in New York. However, no decision had been made on that, and other possibilities were still open. The same was true of the budgetary advance of \$750,000 proposed by the Secretary-General. Those questions should therefore be left open so that the Fifth Committee could study the estimates in greater detail.

29. Mr. MUZIK (Czechoslovakia) said that his delegation would make known its final decision to the Fifth Committee in regard to the Secretary-General's statement of administrative and financial implications. No decision had as yet been taken on the work or on the site of UNOID. The possibility of housing UNOID in New York at all events seemed to be ruled out, since it was difficult enough to accommodate the present Centre for Industrial Development in the Secretariat building. In order to facilitate an early decision, a comparative study of the facilities offered by the different countries and the respective financial implications should be prepared.

30. With regard to the staff of UNOID, the increase proposed in paragraph 14 of document A/6481 seemed unavoidable. The proposed lump sum of \$750,000 to cover the cost of additional personnel services would make it possible to recruit some fifty new staff members. Such a step might be justified, but it should be covered, in part at least, by transferring to UNOID appropriations earmarked for unfilled posts in other departments of the Secretariat; in other words, the increase in the total staff of UNOID should not necessarily involve a corresponding increase in the total staff of the Secretariat. The structure of the UNOID secretariat should be simple and the responsibilities of the various units and their mutual relations should be clearly defined so as to avoid duplication. The functional outline annexed to document A/6481 was not satisfactory in that respect.

31. To apply the above-mentioned principles, the central services and the regional and field services could, as proposed, be headed directly by the Executive Director. However, the implementation of operational projects, which was the primary task of the technical services, should not be included in the functions of the regional and field services. Moreover, the units concerned with engineering and metallurgy, elec-

tricity, transport and other machinery, chemical industries, textiles and other consumer industries should be headed by another deputy executive director. Such a structure would make for a better division of responsibilities and the smoother functioning of the secretariat.

32. Paragraph 11 of document A/6481 stated that the organizational questions would need to be reviewed in the light of decisions to be taken by the Industrial Development Board. Some organizational aspects could, however, be dealt with at once. For example, the proposed functional outline provided for a statistical analysis group for UNOID. However, there was already in the Secretariat itself a Statistical Office which included an industrial statistics section. It would be interesting to have fuller details on the respective roles of those services.

33. Mr. VLADOV (Bulgaria) said that the Committee was not yet in a position to discuss document A/6481, which had been submitted at short notice. Detailed consideration of the document should be left to the Industrial Development Board. He agreed with all delegations which had expressed the hope that the new Organization would be efficient, uncomplicated and capable of exercising direct supervision over the implementation of projects without having to pass through intermediaries. The question of administrative and financial implications should be referred to the Industrial Development Board for consideration at its first session.

34. Mr. LORENZO FERNANDEZ (Brazil) said there appeared to be general agreement that the Committee would not have time for a detailed discussion of document A/6481. The discussion of that document would in any case be premature; the functional outline was incomplete, and the Secretariat would have to fill in all the necessary details. Before expressing an opinion on the administrative and financial implications, he would like to hear the views of the Fifth Committee.

35. Mr. WOULBROUN (Belgium) recalled that his delegation had already urged, at the 1043rd meeting, that the budget for the UNOID secretariat should be drawn up with the greatest possible concern for economy and efficiency. As it was, the Secretary-General in his report (A/6481) had proposed a sum of \$750,000 to cover the costs of additional personnel in 1967. As the French representative had pointed out, the report should be regarded as provisional until the first session of the Industrial Development Board; Belgium reserved the right nevertheless to raise the question in the Fifth Committee. His delegation would also like to know whether a "development of financing institute", which was mentioned in the functional outline in the annex to the Secretary-General's report under the heading "Industrial Financing", was really one of the functions assigned to UNOID in paragraph 2 (a), (xi) of the draft resolution; in other words if it was a question of one institute or, what seemed more likely, of several institutes.

36. Mr. BOIKO (Ukrainian Soviet Socialist Republic), referring to the Brazilian representative's observations, said that the Ukrainian representative in the Fifth Committee had asked him what the Second Committee's views were on the administrative and financial

implications, as the Fifth Committee would be guided by what the Second Committee decided in that matter.

37. The structure of the new Organization would depend on the programme of work for UNOID which the Executive Director would be submitting to the Industrial Development Board at its first session; and that was obviously the reason why document A/6481 was drafted in general terms only. As other representatives had already said, the Organization should at all costs be efficient, and its efficiency would depend largely on the structure of its secretariat and on the extent to which its activities were co-ordinated with those of other United Nations bodies. The report only skimmed the surface of those problems and provided merely a functional outline—not a detailed structure—of the secretariat. Nothing was said, for example, of the relationships between the various departments, which in any case did not seem to be well balanced. The technical services, for instance, were to comprise ten sections and thirty-nine units, which would absorb 70 to 80 per cent of the total staff. Further, in paragraph 14 it was stated that a total sum of \$750,000 had been proposed to cover the cost of additional personnel services in 1967, which represented about fifty posts, but there was a reference elsewhere to 183 staff members for 1967. He would like to know how many of those posts would have to be filled and how many were already filled within existing departments of the Secretariat. All those questions called for detailed discussion, and no decision on them could be taken until UNOID's programme of work had been submitted to the Industrial Development Board.

38. Mr. BELEOKEN (Cameroon) said that the sponsors of the amendment to operative paragraph 2 (a), (x) (A/C.2/L.868 and Add.1) were sorry that there had been some lack of co-ordination in their negotiations with the other groups of countries. They found themselves in rather a difficult situation, for while they attached great importance to their amendment, they were also afraid that they might be accused of having violated the undertaking given by the three groups of countries not to propose any amendment to the draft resolution except to paragraph 2 (a), (ix). As their amendment did not involve any issue of substance, the fourteen delegations concerned hoped that the Committee would adopt it, on the understanding that their departure from the undertaking previously given would not constitute a precedent.

39. The CHAIRMAN invited the Committee to vote on the fourteen-Power amendment to operative paragraph 2 (a), (x) (A/C.2/L.868 and Add.1).

40. Mr. DELGADO (Senegal) said that, unless the Committee was prepared to adopt the amendment without opposition, his delegation would request a roll-call vote.

41. Mr. WALDRON-RAMSEY (United Republic of Tanzania) supported the Senegalese representative's request.

42. Mr. BRADLEY (Argentina) suggested that the amendment should be put to the vote and that delegations should be invited to explain their votes afterwards.

43. Sir Edward WARNER (United Kingdom) supported the Argentine representative's proposal.

44. Mr. VIAUD (France), noting that there was to be a roll-call vote, said that he wished to avoid any misunderstandings. The Western group had not decided—or, at least, he was not aware that it had decided—to oppose any further amendments, and his delegation, for one, would vote for the proposed amendment.

A vote was taken by roll-call.

Greece, having been drawn by lot by the Chairman, was called upon to vote first.

In favour: Greece, Guinea, Hungary, Iceland, Indonesia, Israel, Italy, Ivory Coast, Kenya, Madagascar, Malawi, Mauritania, Mongolia, Netherlands, Niger, Nigeria, Norway, Poland, Romania, Rwanda, Senegal, Sierra Leone, Spain, Togo, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Republic of Tanzania, Upper Volta, Zambia, Belgium, Bulgaria, Burundi, Byelorussian Soviet Socialist Republic, Cameroon, Canada, Central African Republic, Chad, China, Congo (Brazzaville), Congo (Democratic Republic of), Cuba, Czechoslovakia, Dahomey, Denmark, Ethiopia, France, Gabon, Gambia, Ghana.

Against: Guatemala, Haiti, Jordan, New Zealand, Peru, United Kingdom of Great Britain and Northern Ireland, Argentina, Burma, Colombia.

Abstaining: Honduras, India, Iran, Iraq, Ireland, Jamaica, Japan, Kuwait, Laos, Lebanon, Liberia, Libya, Malaysia, Mali, Malta, Mexico, Morocco, Pakistan, Panama, Philippines, Portugal, Saudi Arabia, South Africa, Sudan, Sweden, Syria, Thailand, Trinidad and Tobago, United Arab Republic, United States of America, Venezuela, Yugoslavia, Afghanistan, Algeria, Australia, Austria, Brazil, Ceylon, Ecuador, Finland.

The amendment was adopted by 52 votes to 9, with 40 abstentions.

45. The CHAIRMAN put to the vote the Algerian amendment to operative paragraph 2 (a), (ix) (A/C.2/L.869).

The amendment was adopted unanimously.

46. The CHAIRMAN read out the following explanatory note which reflected the general consensus of the Committee on the interpretation to be given to the amendment to operative paragraph 2 (a), (ix):

"The purpose of the Organization, as set forth in section II, paragraph 1, of the resolution, is to provide for international co-operation in promoting

industrial development in accordance with the relevant provisions of the United Nations Charter. It is understood that the Organization will perform all its functions, as detailed in paragraph 2 of the draft resolution, bearing in mind the need for international co-operation provided for in section II, paragraph 1."

47. Mr. MUZIK (Czechoslovakia) and Mr. MAKEEV (Union of Soviet Socialist Republics) request a separate vote on a phrase which appeared in paragraphs 3, 13, 16, 22 (a) and 26 of the draft resolution.

48. The CHAIRMAN put to the vote the words "from among States Members of the United Nations, members of the specialized agencies and of the International Atomic Energy Agency" in paragraph 3 of the draft resolution, the words "Member of the United Nations or member of a specialized agency or of the International Atomic Energy Agency" in paragraphs 13 and 16, and the words "Members of the United Nations, members of the specialized agencies and of the International Atomic Energy Agency" in paragraphs 22 (a) and 26.

The Committee decided that the words concerned should be retained, by 63 votes to 11, with 18 abstentions.

49. The CHAIRMAN put to the vote draft resolution A/C.2/L.863 and Corr.1 as a whole, as amended, with the explanatory note.

50. Mr. AGIUS CESAREO (Malta) said that, as he had already stated, his delegation would abstain from voting.

The draft resolution, as amended, was adopted by 99 votes to none, with 1 abstention.

51. The CHAIRMAN suggested that in view of the late hour, statements in explanation of vote should be postponed to the next meeting.

It was so decided.

52. The CHAIRMAN, after recalling the suggestion made by the Indonesian representative at the last meeting, suggested that the English title of the new Organization should be the United Nations Industrial Development Organization (UNIDO).

It was so decided.

The meeting rose at 1 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1046th
MEETING

Wednesday, 26 October 1966,
at 3.5 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 41

Activities in the field of industrial development (continued) (A/6433):

(b) Report of the *Ad Hoc* Committee on the United Nations Organization for Industrial Development (continued) (A/6229, A/6303, chap. IV, sect. IV; A/6368, A/6369, A/6415, A/6468, A/6473, A/6474, A/6481, E/4203, chap. XII)

1. Mr. BRADLEY (Argentina) explained that at the previous meeting he had voted against the fourteen-Power amendment (A/C.2/L.868 and Add.1) because it was already covered by paragraph 35 of the draft resolution adopted by the *Ad Hoc* Committee on the United Nations Organization for Industrial Development (A/C.2/L.863 and Corr.1), because it restricted the freedom of action of the United Nations Industrial Development Organization (UNIDO) and because it ran counter to the agreement reached in the various groups that no amendments, apart from that of Algeria (A/C.2/L.869), should be submitted.

2. Mr. DJOUDI (Algeria) said that he had abstained on the fourteen-Power amendment not because he was opposed to its substance but because of the general agreement not to submit further amendments. His delegation had refrained from submitting an amendment to paragraph 1 of the draft resolution which would have emphasized other sectors besides manufacturing.

3. Mr. ROOSEVELT (United States of America) explained that his delegation had also abstained on the vote concerning the fourteen-Power amendment for the reasons adduced by the Algerian representative. His delegation now supported the draft resolution without reservations and intended to make such contributions as it had made to the operational programmes of UNIDO in the same way as in the past. It reserved its position on the financial implications of the draft resolution submitted by the Secretary-General (A/6481). He agreed with the representative of Italy

that the personnel of the new body should resemble that of a consulting firm with a small permanent staff relying principally on short-term contracts for specialists.

4. The United States naturally favoured New York as the site of the new body since it felt that only the United Nations Headquarters met all the important criteria which had been suggested. He hoped that the advantages of New York would be considered on their merits, together with those of the other cities offered.

5. Mr. INGRAM (Australia) explained that the fourteen-Power amendment was useful but not necessary since its substance was already covered in the draft resolution. Australia, too, would have liked to have submitted amendments (to reduce the size of the Industrial Development Board, for example), but had refrained in accordance with the unofficial agreement not to destroy the balance of the draft resolution adopted by the *Ad Hoc* Committee. His delegation therefore had had no alternative but to abstain on the amendment.

6. Mr. MAKEEV (Union of Soviet Socialist Republics) welcomed the adoption of the draft resolution and, in particular, of operative paragraph 1. Nevertheless, the Soviet Union maintained its reservations concerning the need for universality of membership and equality of access to the services rendered by the Organization, as well as the undesirability of holding a special pledging conference and the other reservations mentioned in the report of the *Ad Hoc* Committee (A/6229, para. 12). His delegation had voted in favour of the fourteen-Power amendment because it was the sovereign right of all delegations to submit amendments whenever they thought fit. Indeed, the amendment might have been rejected through the misguided attitude of certain delegations which considered that the draft resolution was in some way sacrosanct.

7. Mr. BACKES (Austria) said his delegation had abstained on the vote of the fourteen-Power amendment because it was fully covered in the original text of the draft resolution and because of the general agreement that no further amendments should be submitted.

8. Mr. Mohamed AL-ATRASH (Syria) recalled that his delegation had abstained on the Czechoslovak proposal, made orally at the previous meeting, to reword paragraphs 3, 13, 16, 22 (a) and 26 of the draft resolution in order to permit the inclusion of certain States. It had done so in a spirit of solidarity with the developing countries, although it would have preferred UNIDO to be universal in character. It had abstained on the fourteen-Power amendment because of the agreement not to submit further amendments.

9. Sir Edward WARNER (United Kingdom) said his delegation had voted against the amendment in question for the same reason as that given by the representative of Syria, although it was in full agreement with its purpose. It had voted for the draft resolution as a whole, although in many respects the compromise reached by the Ad Hoc Committee was unsatisfactory. The United Kingdom had already made a contribution of £300,000 through the United Nations Development Programme (UNDP) as funds-in-trust for the special industrial services mentioned in paragraph 10 of document A/6070/Rev.1.^{1/} It expected UNIDO to draw its funds from UNDP; the needs of UNIDO and the use to which those funds had been put for the benefit of developing countries would be taken into account by the United Kingdom when considering the possibility of future contributions. He noted that, according to document A/6481, paragraph 35 (b), a special provision of \$750,000 was to be made in 1967 for additional staff for UNIDO. Such a provision was inconsistent with the decision reached in the Fifth Committee that there should be no increase in the manning table of the Secretariat. He therefore hoped that any increase in staff costs for UNIDO would be met from savings under other items. In any case, the financial implications of the establishment of UNIDO would have to be closely examined by the Fifth Committee.

10. Mr. SADI (Jordan) said he had voted against the fourteen-Power amendment for the reasons already explained by the representative of Argentina.

11. Mr. MIRGHANI (Sudan) explained that his delegation supported the principle of universality but, in the interest of general agreement, had abstained on the Czechoslovak proposal. It had also abstained on the fourteen-Power amendment for the reasons given by the Argentine representative.

12. Mr. KARMARKAR (India) said that he too had abstained on the amendment for the reasons given by other speakers.

13. Mr. THAWLEY (New Zealand) said that those same reasons had led his delegation to vote against the amendment.

14. Mr. FERNANDINI (Peru) said that the establishment of UNIDO was one of the finest achievements of the United Nations. In the interests of maintaining the compromise reached in the Ad Hoc Committee, his delegation had voted against the amendment to operative paragraph 2 (a), (x) (A/C.2/L.868 and Add.1).

15. Mr. AMMAR (Tunisia) said that, although his delegation had voted in favour of the Algerian amendment, it supported the reservation regarding its interpretation entered by the delegation of Senegal, since a division of the functions of UNIDO would be somewhat premature and might even hinder its operations.

16. Mr. MUZIK (Czechoslovakia), speaking on behalf of his own delegation and the delegations of Bulgaria, the Byelorussian SSR, Cuba, Hungary, Mongolia, Poland, Romania, the Ukrainian SSR and the Union of Soviet Socialist Republics, said that the socialist countries had consistently advocated the establishment

of an industrial development organization and had therefore welcomed the adoption of General Assembly resolution 2089 (XX). Unfortunately, the need for a fully comprehensive organization open to all States was not covered in paragraphs 3, 13, 16, 22 (a) and 26 of the Ad Hoc Committee's draft resolution. The socialist countries had therefore voted for the proposal to reword those paragraphs.

17. Mr. WILMOT (Ghana) said that his delegation had voted in favour of the fourteen-Power amendment because it had considered it non-controversial. The agreement reached between the various regional groupings had been based on the fear that amendments other than that submitted by Algeria might snowball, thereby disrupting the delicate balance achieved in the Ad Hoc Committee.

18. Mr. O CLERIGH (Ireland) said that, despite the unsatisfactory nature of a number of points in the draft resolution, his delegation had voted for it because it represented a compromise. Ireland had abstained on the vote of the fourteen-Power amendment because it felt that its substance was fully covered in the draft resolution itself, and because it was bound by the inter-regional agreement. It maintained its reservations regarding the resolution's financial implications.

19. Mr. VILFAN (Yugoslavia) said that the Yugoslav delegation, too, had abstained on the amendment relating to industrial property (A/C.2/L.868 and Add.1) and on the Czechoslovak proposal, because of its desire to respect the compromise reached in the Ad Hoc Committee and the agreement between the regional groupings.

20. Mr. HUSSEIN (United Arab Republic) emphasized that his delegation's abstention in the vote on the Czechoslovak proposal had been based on the belief that there was a moral obligation to accept the compromise text submitted by the Ad Hoc Committee, and in no way implied any change in its support for the principle of universality.

21. Mr. GAILANI (Iraq) said that his country's abstention on the Czechoslovak proposal, which had been motivated by the consideration advanced by the previous speaker, did not mean that Iraq had ceased to hope that the principle of universality would soon prevail in all United Nations bodies. His delegation believed that the substance of the fourteen-Power amendment was already fully covered by paragraphs 35 and 36 of the draft resolution.

22. Mr. PARDO (Malta) maintained his delegation's reservations regarding the financial implications and the co-ordination of UNIDO's functions as established in the draft resolution. However, he stressed Malta's strong support for the new Organization, which he hoped would be of benefit to individual States. Malta did not wish to stand in the way of a unanimous adoption of the draft resolution and requested that his delegation's abstention should be changed to an affirmative vote.

23. Mr. FRANCO (Colombia) said that his delegation's vote against the fourteen-Power amendment did not imply disagreement with its substance, but reflected its respect for the agreement which had been reached in order to accelerate the Committee's approval of the draft resolution.

^{1/} See Official Records of the General Assembly, Twentieth Session, Annexes, agenda item 40.

24. U THET TUN (Burma) said that his delegation had voted against the fourteen-Power amendment for the reasons indicated by the previous speaker, and had abstained in the vote on the Czechoslovak proposal in accordance with its well-known stand on the universality of membership.

25. Mr. KHAN (Pakistan) said that, although his delegation welcomed the adoption of the draft resolution as a whole, it had been forced to abstain on the amendment relating to industrial property because of the agreement which had been reached.

26. Mr. ILONIEMI (Finland) explained that his delegation had abstained on the fourteen-Power amendment because it had felt that the spirit of compromise which had prevailed among the regional groupings should be maintained.

27. Mr. PAPADOPOLO (Guatemala) explained that his country's vote against the fourteen-Power amendment had been based on the belief that the inter-regional agreement should be respected, that the statute of the new Organization should be rather flexible, and that the substance of the amendment was already covered in paragraphs 35 and 36 of the draft resolution.

28. Mr. GEORGE (France) said that his delegation had voted in favour of the amendment since its substance was uncontroversial. Furthermore, none of the fourteen sponsoring countries had participated in the negotiations which had led to the inter-group agreement. The French delegation welcomed the unanimous adoption of the resolution as a whole, but maintained its reservations regarding its financial implications.

29. Mr. DELGADO (Senegal) said that his delegation had voted for the fourteen-Power amendment. It believed that every delegation had a sovereign right to submit amendments and that no informal agreements infringing on that right should be entered into.

30. Mr. BELEOKEN (Cameroon), speaking on behalf of the sponsors of the fourteen-Power amendment, thanked those countries who had voted in favour of that amendment. It was clear from the explanations of vote by countries which had voted against or abstained that the large majority were not opposed to the substance of the amendment, and that the new Organization would therefore be able to begin its work on a foundation of agreement in the Committee.

31. The CHAIRMAN noted that the unanimous adoption of the draft resolution marked the completion of one of the major questions submitted to the Committee. He thanked all delegations, including the eight which had been especially active in promoting the establishment of the new Organization, for the spirit of co-operation and compromise which they had shown.

Mr. Boiko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

AGENDA ITEM 53

International Tourist Year (A/6303, chap. XIII, sect. V; A/6427, E/4218 and Corr.1, A/C.2/L.867)

32. Mr. CHADHA (India) said that his delegation had been closely associated with the efforts which had led

to the adoption of Economic and Social Council resolution 1108 (XL). The purpose of so designating 1967 as International Tourist Year was to focus world-wide attention on the contribution tourism could make to economic development and to promoting international understanding. The basic aim of designating an International Tourist Year was to create or enhance an awareness of the value of tourism and thus stimulate the desire to travel and provide hospitality.

33. The report (E/4218 and Corr.1) of the International Union of Official Travel Organizations (IUOTO) indicated that adequate preparations were being made for 1967 by both national tourist organizations and commercial operators. Special tourist literature had been prepared, publicity campaigns for all information media had been arranged and the slogan for International Tourist Year, "Tourism, Passport to Peace", was being emphasized in all the planned activities. The report also contained suggestions for further measures which Governments and operators might take in order to make the Year an outstanding success; those measures were, of course, not mandatory, but the adoption of at least some of them would lead to very constructive programmes. The useful recommendations of the United Nations Conference on International Travel and Tourism, held at Rome in 1963,^{2/} had not yet been fully implemented, for instance, and International Tourist Year could well provide the opportunity for enforcing some of them, even on an experimental basis; such an experiment would also be a test of their usefulness.

34. Although the designation of an International Tourist Year was intended to benefit all countries, one of its basic objectives concerned the promotion of tourism particularly to the developing countries. A substantial increase in tourism would help those countries to reduce their balance-of-payments deficits. If such an increase was to be achieved, efforts would have to be made at the international level to encourage travel to the developing countries: special reductions in fares for travel to those countries would be one method, and his delegation hoped that the International Air Transport Association would give special consideration to it when it next considered international fares. The adoption of a special concessional fare for around-the-world air trips during International Tourist Year would be most helpful. It was also hoped that similar fare concessions would be made at the national level.

35. His country intended to give the widest possible publicity to International Tourist Year and had already planned a great many special activities for 1967. It had been proposed to hold country-wide celebrations for about one month during which seminars on tourism would be conducted to emphasize its role as an instrument of national integration and international peace. Efforts would also be made to relax travel formalities to the extent practicable.

36. Introducing the draft resolution (A/C.2/L.867), he announced that the delegations of Ecuador, Nepal, and Peru had asked to be co-sponsors. The preamble

^{2/} *Recommendations on International Travel and Tourism* (United Nations publication, Sales No.: 64.I.6).

stressed the chief reasons for designating an International Tourist Year. The operative paragraphs were self-explanatory; members of the Committee should note, however, that operative paragraph 4 would involve no additional financial implications. The report requested in paragraph 5 was considered necessary in order to give the Economic and Social Council an opportunity to assess the extent to which the designation of 1967 as International Tourist Year would prove to be a success.

37. Mr. VILFAN (Yugoslavia) said that his delegation wanted to stress the importance of international tourism for the creation of conditions for neighbourly and peaceful co-operation, as the third and fifth preambular paragraphs of the draft resolution only slightly referred to that aspect. His delegation had made it quite clear that its insistence on that point did not imply that it underestimated the significance of other equally important aspects of tourism. Thus, for example, his delegation was of the opinion that the economic activities of the United Nations should include the expansion of tourism in view of the valuable contribution that the earnings from tourism could make towards lessening the balance-of-payments difficulties of the developing countries.

38. Reverting to the influence of tourism on international relations, he said that the excellent relations his country maintained with most of its neighbours were due, in large measure, to a gradual easing of border formalities and he cited, in that respect, the example of his country's relations with Italy. At first, special arrangements for the border area population were made and, today, the stage had been reached where virtually no crossing formalities were required. His delegation believed that such trends were merely a reflection of profound changes in the structure of

the world itself. It was on that basis that his country viewed the recommendations contained in the document prepared by IUOTO.

39. The Yugoslav Parliament was discussing a draft law that would abolish visas for foreign tourists for the duration of the International Tourist Year and, thereafter, on a permanent basis for nationals of any country willing to reciprocate. His delegation hoped that widespread adoption of similar measures would produce the results which the International Tourist Year was designed to achieve.

40. Mr. USTUN (Turkey) observed that the world community was becoming increasingly aware of the potential economic advantages of increasing international tourism. His country was one of the many developing countries in which tourist revenues were an important source of foreign exchange. The development of tourism had been given high priority in Turkey's current five-year plan; the emphasis in the plan on infra-structural projects and promotional activities had, in fact, increased tourism by 22 per cent in 1965, as compared with the expected 8 per cent. The adoption of some of the recommendations of the Rome Conference and the conclusion of agreements on tourism with neighbouring countries had, of course, contributed to that success. The International Tourist Year would also serve the cause of peace, by fostering understanding and co-operation among nations.

41. In the light of those considerations, his delegation had decided to co-sponsor the draft resolution and expected that it would receive the utmost support from all members.

The meeting rose at 5.35 p.m.

United Nations
GENERAL
ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1047th
MEETING

Thursday, 27 October 1966,
at 3.5 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 53

International Tourist Year (continued) (A/6303, chap. XIII, sect. V; A/6427, E/4218 and Corr.1, A/C.2/L.867 and Add.1)

1. Mr. DE GRAUW (Belgium) observed that tourism nowadays was not only a means of cultural development and international understanding, but also a factor of social and economic progress. Vast improvements in transport and communications in recent years had served both those ends by making possible the tremendous increase in foreign travel.

2. His delegation had agreed to co-sponsor draft resolution A/C.2/L.867 mainly because of the emphasis it placed on the promotion of tourism for the benefit of the developing countries. The tourist potential of many of those countries had never been fully investigated and the ways in which international co-operation could help to develop that potential needed to be more clearly determined. The draft resolution imposed no financial or other obligations on Governments or on the national and international organizations, official or private, concerned; it did, however, appeal to them to do their utmost to make International Tourist Year a success. The preparations already made by the International Union of Official Travel Organizations (IUOTO) would play an important part in its success, and his delegation was gratified at the close co-operation between IUOTO and the Secretariat.

3. He agreed with those speakers who had referred to the importance of tourism in furthering friendship and understanding among peoples. It was his delegation's hope that International Tourist Year would create a vast increase in the number of people who each year gained a better knowledge of the culture and natural beauties of other countries and a better understanding of their national characteristics.

4. Mr. AMIR (Israel) expressed his support for the draft resolution and appreciation of the valuable preparatory work being undertaken for International Tourist Year. Closer contact between the peoples of developed countries and those of developing countries, which was one of the aims of International Tourist Year, would go far towards creating sympathy, and accordingly the political will, in the former countries which would lead them to increase their financial aid to the latter.

5. The International Tourist Year would also provide a stimulus for the restoration of historical sites and thus supplement the excellent work of the United Nations Educational, Scientific and Cultural Organization in that sphere. Moreover, it would provide an opportunity for greatly increasing exchange visits by young people, which were so important in furthering understanding between peoples. Consideration might, in fact, be given to making special provision for such visits in the programme of activities.

6. His country recognized the economic importance of tourism and had set up a special ministry for its promotion. The ministry operated through a Government Tourist Corporation, which provided the flexibility required for such highly commercialized operations. Israel was also co-operating with other developing countries in building hotels and providing staff training courses for the tourist trade.

7. Implementation of the draft recommendation on the desirability of reducing passenger fares for travel to developing countries submitted by Israel to the first session of the United Nations Conference on Trade and Development (UNCTAD), and subsequently adopted by the Conference (recommendation A.IV.24),^{1/} would give a substantial impetus to tourism during International Tourist Year. His delegation therefore hoped that, at its second session, UNCTAD would give particular attention to the matter and to tourism in general.

8. Mr. SVAB (Czechoslovakia) said that his delegation would welcome the designation of 1967 as International Tourist Year. The effort to make tourism accessible to all strata of the population would undoubtedly make a significant contribution to international co-operation.

9. His country had in recent years witnessed a tremendous growth in international and domestic tourism, which had been facilitated by the reduction of travel formalities to a minimum. Although its main interest was naturally in European tourism, its recognition of the importance of international tourism, particularly for the developing countries, was illustrated by the fact that a course on tourist organization had recently been organized by his Government for experts from developing countries and that a Governmental Committee for Tourism had been set up and had already drawn up a comprehensive programme for the International Tourist Year. That Committee would take into account the excellent guidelines laid down by IUOTO and the recommendations of the United Nations Conference on International Travel and Tourism, held at Rome in 1963.

^{1/} See Proceedings of the United Nations Conference on Trade and Development, vol. I, Final Act and Report (United Nations publication, Sales No.: 64.II.B.11).

10. His delegation was gratified at the opportunity, provided for in operative paragraph 5 of the draft resolution, for the Council to have a full discussion of the promotion of tourism. It was regrettable, however, that, since an element of political discrimination had been introduced into operative paragraph 2, his delegation could therefore not give the document its unreserved support.

11. Mr. KHAN (Pakistan) said that his delegation had co-sponsored the draft resolution as an expression of support for the effort to focus attention on tourism as a valuable means of accelerating the economic growth of developing countries. The excellent preparatory work done by IUOTO would provide the basis for comprehensive national and international efforts to encourage tourism during the International Tourist Year; his country intended to follow the recommendations made in the IUOTO report (E/4218 and Corr.1) and hoped that all those concerned would do the same.

12. Mr. FRANZI (Italy) observed that Italy, as a country blessed with great natural beauty within easy distance of most of the highly industrialized countries, had had first-hand experience of the contribution tourism could make to the solution of national economic problems. One of the lessons it had learned was that the only successful way to attract tourists was to cater to their needs and create popular awareness and tolerance of their requirements and standards. Governments could encourage tourism by implementing the recommendations of the Rome Conference on fewer travel and customs formalities, not only for tourists entering their countries but for their own nationals who wished to travel abroad. As the representative of Yugoslavia had said at the last meeting, the easing of frontier formalities inevitably led to an improvement in friendly relations between countries; his Government attributed much of the success of its tourist industry to the fact that it had signed agreements with fifty-three countries on the reciprocal abolition of visas.

13. Italy, like France, had in recent years experienced a vast increase in the number of its people who travelled to other countries and it would, during International Tourist Year, encourage tourists from Italy to visit the developing countries. His delegation hoped that the developing countries would profit from the experience gained by European countries in providing for tourists and thus develop a new and potentially rich source of foreign exchange earnings.

14. In conclusion, he hoped that the sponsors would consider amending the French title of the Year to read "Année du tourisme international".

15. Mr. Donald MACDONALD (Canada) said that his country had long been convinced that tourism was an effective means of contributing to better understanding among the peoples of the world and thus to improve international co-operation. His delegation had therefore been happy to co-sponsor the draft resolution. The plans being made by Canada to assist IUOTO in connexion with the International Tourist Year would fortunately coincide with the arrangements for the celebration of its Centennial Year.

16. His delegation welcomed the emphasis in the draft resolution on the stimulus international tourism could give to the invisible earnings of the developing countries. It was to be hoped that the assessment of progress made during the International Tourist Year, to be carried out in accordance with operative paragraph 5, would be used by Member States to secure more accurate information about the contribution tourism could make to development.

17. Mr. BOIKO (Ukrainian Soviet Socialist Republic) said that his country shared the growing interest in promoting tourism as an instrument of cultural and educational exchange and a factor in social and economic progress. Earnings from tourism formed an important part of the invisible earnings of many countries and, as UNCTAD recommendation A.IV.24 stressed, could be of great assistance to the developing countries in dealing with balance-of-payments problems.

18. The commendable efforts of IUOTO to associate the preparations for International Tourist Year with wider implementation of the recommendations of the Rome Conference would, it was hoped, produce a flow of foreign exchange into the developing countries, in addition to acquainting people from the developed countries with areas of great natural beauty and with the culture and civilization of nations formerly unknown to them. The reciprocal understanding among peoples with different economic and social systems so created would provide a firm basis for friendly relations in the future.

19. His Government had set up a special body to make preparations for the International Tourist Year, in which year the Ukrainian people would also be celebrating the fiftieth anniversary of the October Revolution. Greater tourist facilities would be provided and the Government hoped to welcome a larger number of visitors during that year.

20. His delegation took exception to the fact that the basic purpose of universality, implicit in the idea of International Tourist Year, was frustrated by the discriminatory wording of operative paragraph 2 of the draft resolution. It was regrettable that a country with so much to contribute to the objectives of the International Tourist Year as the Democratic Republic of Germany should be excluded, and he appealed to the sponsors to reconsider the text.

21. Mr. KILLION (United States of America) fully endorsed the draft resolution and asked that his delegation should be included as a sponsor.

22. More advances towards international understanding could be made by personal contacts with other peoples than by any other method of learning about the life and characteristics of nations. The draft resolution, emphasizing personal participation in formerly unknown lands and cultures, would help to bring about goodwill and peace.

23. Tourism could also be a means of contributing to the economic growth and to the establishment of new industries in the developing countries. The International Tourist Year, by focusing attention on the barriers which currently impeded tourism, would help bring about the free movement of peoples as well as greater understanding and peace.

24. Mr. BACKES (Austria) said that his delegation was glad to be a sponsor of the draft resolution (A/C.2/L.867 and Add.1), as tourism would contribute to a better understanding among peoples and also lead to a substantial increase in the foreign exchange earnings of the developing countries. Austria managed to cover its large trade deficit by the income derived from foreign tourism which amounted to more than \$500 million per year or approximately \$70 per head of population. A number of other European countries, such as Spain, Greece and Yugoslavia, had been successful in recent years in developing tourism, the foreign exchange income from which now constituted an important positive item in their balance of payments.

25. It was important to realize that an expansion of tourism would not come about by itself but must be stimulated by appropriate policies and measures. The reduction or elimination of formalities, such as visa requirements, and the building of the necessary facilities were necessary.

26. The Austrian Government and Austrian private firms had already begun to help a number of developing countries in their efforts to accommodate foreign tourists. Assistance had been given to Pakistan and Iran in the establishment of winter sports centres, and a school for management training for tourist establishments, exclusively reserved for nationals of developing countries, had been set up at Salzburg. Much more could and would be done in the future.

27. The draft resolution stressed the importance of tourism in the world economy. The designation of an International Tourist Year was not an end in itself but should constitute a point of departure for the promotion and encouragement of international tourism. His delegation welcomed the co-operation between the United Nations Secretariat and IUOTO, which had vast experience in tourism. The report mentioned in operative paragraph 5 would certainly prove useful, particularly to the developing countries. The work programme of UNCTAD would also provide practical assistance; Austria itself was fully prepared to participate actively in the International Tourist Year, the designation of which would, he hoped, be decided upon unanimously.

28. Mr. HOGENDORP (Netherlands) stressed the educational, social and cultural importance of tourism. He welcomed the draft resolution and in particular the designation of 1967 as International Tourist Year. His delegation had supported Economic and Social Council resolution 1108 (XL) and hoped that the General Assembly would give the present draft resolution its unanimous approval.

29. Tourism could bring maximum benefits to both producers and consumers, a fact which the Netherlands Government had realized many years ago. It had done everything in its power to encourage tourism and had set up national bodies for that purpose. Tourism could be of great importance to the developing countries, many of which had remarkable scenic beauties and historic civilizations. In 1967, the Netherlands Government intended to grant a small number of fellowships to the developing countries to allow them to study the applicability of modern techniques to the development of their tourism.

30. Mr. CARANICAS (Greece) said that his country, as the Austrian representative had already pointed out, had considerably developed its tourist industry in recent years to the point where foreign exchange from that source constituted two fifths of total export receipts. More and more countries were becoming interested in tourism, for it offered substantial returns for fairly low outlays. A new era was dawning in which the tourist would play an even larger role and more care would be taken to satisfy his needs.

31. Tourist receipts depended on many factors affecting the demand for and supply of tourist services. Prices were of vital importance. Tourists were apt to compare notes not only on scenic beauties but also on the relative costs of hotel rooms, meals, etc. Countries competing for tourists should therefore keep their prices as low as possible and not engage in unnecessary and excessive devaluations of their currencies. During the International Tourist Year, countries should be careful not to receive more tourists than they could cater to. They must also do their utmost to eliminate unnecessary formalities. Tourism could encourage not only peaceful co-existence but active co-operation between States. For that reason, his delegation warmly supported the draft resolution.

32. Mr. HOO (China) said that, as an active member of IUOTO, China had taken part in the discussion at the nineteenth General Assembly of IUOTO held at Mexico in October 1965. It attached great importance to the promotion of tourism, particularly at its present stage of economic development. As an important artistic centre, China had welcomed more than 120,000 tourists to the Province of Taiwan in 1965, an increase of some 38 per cent over 1964. The revenue from tourist spending in 1965 was approximately \$15 million.

33. The promotion of tourism should be viewed as a means not merely of earning foreign exchange but also of fostering education, understanding and friendship among peoples. Each country could develop its own tourist attractions, while simplifying formalities and improving facilities. Communications must also be developed and low air fares introduced. In that respect, it was disappointing that the International Air Transport Association had failed to reach a decision. Arrangements for group tours would help to reduce fares. The attempt made at the second Central American tourism seminar to integrate that region into a single tourist complex without customs barriers was a remarkable example of regional co-operation.

34. Recommendation A.IV.24 of UNCTAD reflected the hopes of the developing countries in the field of tourism. Designation of 1967 as International Tourist Year would certainly help to intensify co-ordinated efforts and to attain fruitful results. For those reasons, his delegation supported the draft resolution and hoped that it would be unanimously adopted.

35. Mr. BENSON (Australia) said his country fully recognized the importance of tourism for the developing countries as a means of earning valuable foreign exchange. There were many attractions in the developing countries which, through lack of publicity, facilities and transport, had hardly been exploited. Australia

fully sympathized with their desire for more tourists, as Australia was not on the regular tourist routes and did not find it particularly easy to attract as many visitors as it would like.

36. The Australian National Travel Association, through meetings of IUOTO, had been one of the advocates of the designation of 1967 as International Tourist Year. To celebrate that event, it was already making arrangements for special radio and television programmes to publicize tourism, for the holding of a travel industry conference and of an international travel research seminar, and for the production of a booklet for mass distribution in Australia emphasizing the importance of tourism. Efforts were being made to promote regional co-operation in tourism with the countries of the Western Pacific area, and Qantas, the Australian airline, planned to lower its air fares on its Pacific routes.

37. A year devoted to the encouragement of international tourism should provide a valuable opportunity for all countries to obtain a clearer understanding of its benefits. Many non-governmental organizations had pledged their support and it was hoped that all Governments would seek to ensure its success. His delegation warmly supported the draft resolution.

38. Mr. HUSSEIN (United Arab Republic) said that for many years his country had been aware of the importance of tourism as a means not only of sharing its ancient civilization but also of bringing peoples closer together. Like the other developing countries, it realized that tourism was an economic asset which so far had not received enough attention. It therefore fully supported the idea of an international tourist year.

39. The United Arab Republic had spared no effort to encourage tourism. During the last five years it had embarked on a large-scale programme of hotel building and had simplified formalities. During the International Tourist Year the Government intended to organize festivals and competitions and provide more customs facilities. For those reasons, the United Arab Republic had sponsored the draft resolution and hoped that it would be adopted unanimously.

40. Mr. NATORF (Poland) welcomed the draft resolution because the advantages of tourism were too well known to require emphasis. However, it was surprising that in their recommendations on a subject like tourism, which affected all countries of the world, the sponsors had seen fit to include the restrictive provisions of operative paragraph 2. By limiting their invitation to the United Nations family, they were introducing a political *parti pris* which had nothing to do with tourism. It was maintained that tourism would help the developing countries but they would be the first to suffer if some of the most important countries in the world were excluded. For example, there were considerable numbers of potential tourists in the German Democratic Republic.

41. There were many precedents for including all States in such invitations and he hoped that the sponsors would reflect on the matter and not be bound by an outworn formula which was so discriminatory.

Mr. Boiko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

42. Mr. LOBANOV (Union of Soviet Socialist Republics) said that his delegation warmly welcomed the designation of 1967 as International Tourist Year. Tourism had a vital role to play in furthering peace and social progress throughout the world, and, as the representative of Greece had rightly pointed out, could promote not merely peaceful coexistence but active international co-operation. Tourism was essentially a cultural activity which, as the draft resolution recognized, could lead to greater awareness of the rich heritage of various civilizations. Furthermore, it could be of particular value to developing countries as a source of foreign exchange.

43. The International Union of Official Travel Organizations had made useful and important preparations for International Tourist Year, which had acquired still greater significance in the Soviet Union because of its happy coincidence with the fiftieth anniversary of the Socialist Revolution. The Soviet Government had established a special body to co-ordinate preparations for International Tourist Year and had taken a number of other practical steps, such as publicity campaigns, better facilities and more investment in the tourist sector, to increase still further the growing number of tourists to and from the USSR.

44. In general, the draft resolution was constructive and most of its provisions were fully acceptable. However, operative paragraph 2 was discriminatory and therefore inadmissible. It was regrettable that political considerations had been allowed to influence the wording of a draft resolution concerning an essentially non-political activity, despite the fact that there were many precedents for an all-bracing formula such as "all States". If the words "Tourism, Passport to Peace" were to be more than a mere slogan, peoples of all countries must be given the opportunity to benefit from the many advantages which tourism could bring. He therefore urged the sponsors to redraft operative paragraph 2 in order to reflect the principle of universality.

45. Mr. SHAH (Nepal) said that his delegation had consistently favoured the idea of designating 1967 as International Tourist Year and whole-heartedly supported the draft resolution. International tourism could make a valuable contribution to international understanding by enabling peoples to appreciate other cultures more. Its educational value was fully reflected in the draft resolution, which he hoped would gain unanimous approval.

46. Mr. AYOUB (Tunisia) said that his country, which attached particular importance to tourism, welcomed the recommendations contained in the IUOTO report. The improvement of Tunisia's tourist facilities in recent years had resulted in a sharp rise in its revenue. In addition, the four countries of the Maghreb were shortly to set up a permanent consultative committee for tourism to co-ordinate tourism in the area and to encourage capital investment in the tourist sector.

47. The importance of tourism to the developing countries had already been recognized by the United Nations Development Programme, which had financed a number of projects connected with tourism. International tourism meant more than merely spending a pleasant holiday: it could lead to a greater knowledge

of different cultures and peoples and, as the slogan proposed by IUOTO indicated, could promote international peace. Paid holidays and higher standards of living in the developed countries were enabling an ever-increasing number of people to travel abroad, and tourism was no longer confined to the privileged few. Young people constituted a growing percentage of tourists, and Tunisia had set up a special body to promote youth exchanges.

48. Although of great value in itself, International Tourist Year should be regarded as a first step in developing tourism. The exceptional temporary measures to be taken in 1967 should be made permanent, or at least maintained during 1968, particularly since International Tourist Year would to a certain extent prepare the way for the International Year for Human Rights in 1968 by promoting the wider exercise of such rights embodied in the Universal Declaration of Human Rights as those to freedom of movement, rest and leisure, participation in cultural life and sharing the benefits of progress.

49. Dr. COIGNEY (World Health Organization) said that WHO welcomed International Tourist Year and wished to see its complete success. The draft resolution before the Committee took note of the report of IUOTO. Unfortunately, however, that report made no mention of the health aspects of tourism. The World Health Organization did not consider that paragraph 26 of the report, which stressed that official travel formalities impeded travel, was referring to the certificates of vaccination against smallpox, cholera and yellow fever required by some States under international health regulations. Those regulations ensured maximum protection against the spread of disease with a minimum disruption of international trade and travel between countries. The World Health Organization was co-operating in efforts to facilitate international travel and to promote health measures in close co-operation with the International Civil Aviation Organization, the Inter-governmental Maritime Consultative Organization and other organizations.

50. Preparations for International Tourist Year must take account of the health aspects of tourism, because tourism itself would only suffer if diseases contracted in endemic areas abroad were spread by returning tourists. National tourist organizations should therefore co-operate closely with national medical and public health authorities especially in order to ensure a high standard of health in tourist areas. Tourists should be informed of areas free from epidemics and rare diseases and given advice on preventive measures to help them stay healthy. They should also be told what medical services were available in the country they visited.

51. The World Health Organization would co-operate fully in the organization of International Tourist Year, and intended to draw the attention of national public health authorities to the resolution adopted by the Committee. Efficient co-operation between health services and the national committees in charge of organizing the Year was essential in order to make the necessary arrangements for protecting the health of international tourists.

52. Mr. GEORGE (France) said that his delegation had voted for Economic and Social Council resolution 1108 (XL) recommending that the General Assembly should proclaim 1967 as International Tourist Year. It had had some doubts about the advisability of a proclamation, if such a procedure was likely to become a practice. However, in the present instance, the excellent preparatory work done by IUOTO augured well for the success of International Tourist Year. France was a country of tourism and it was also a country of tourists and, for the first time it had showed a tourism deficit in 1965. The French Government understood the importance of tourism and how valuable it could be in boosting the foreign exchange earnings of the developing countries. It was therefore prepared to publicize International Tourist Year in France (by issuing stamps, printing posters, striking medals, etc.) and, as in the past, to provide technical assistance to the developing countries requesting it.

53. The French delegation would therefore support the draft resolution. As the purpose of the Year was to develop international tourism, it would be difficult, since the preparatory work had reached such an advanced stage, to alter its title which was all-embracing and therefore not incompatible with the basic purpose.

54. Mr. POLIT (Ecuador) said that, as a co-sponsor of the draft resolution, his delegation was most grateful for the useful IUOTO report. The introduction to the report referred to one of the main objectives of the International Tourist Year: the effort to divert even a small proportion of world spending on tourism to the developing countries, whose need for increased revenues was so acute. That the developing countries realized the value of tourism was proved by the substantial amounts many of them were spending on tourist facilities, promotion and communications. The developed countries could best support their efforts by encouraging their nationals to visit the developing countries, which had so much that was new and interesting to offer during International Tourist Year.

55. Mr. HAMEED (Ceylon) said that, given proper investment and publicity, there were great potentialities for tourism in developing countries such as Ceylon. Apart from promoting greater international understanding, tourism also had a multiplier effect on economic activity in host countries.

56. Unfortunately, however, receipts from tourism in developing countries had been less than half those in the developed countries in 1963, and it was to be hoped that International Tourist Year would help to reduce the trade gap by rectifying that situation. In view of the importance of tourism to developing countries, it appeared unwise for developed countries to restrict the foreign travel of their nationals as a means of correcting their balance-of-payments deficits.

57. The Ceylonese delegation fully supported the recommendations contained in the IUOTO report and intended to set up a National Committee to co-ordinate preparations for International Tourist Year. Tourism in Ceylon would be further enhanced by the recent establishment of the Ceylon Tourist Board and the Ceylon Hotel Corporation. Paragraph 40 of the report referred, *inter alia*, to the establishment of favourable

conditions for national and foreign investment, but developing countries lacked sufficient capital for such investment, especially for tourist hotels. In that connexion, he noted that the Economic and Social Council, in its report, had invited United Nations bodies and specialized agencies concerned with tourism to give favourable consideration to requests for the provision of increased technical and financial assistance to the developing countries in order to speed the development of their tourist resources (A/6303, para. 625). The recommendation for an economic and sociological study on tourism, contained in paragraph 44 (a) of the report of IUOTO, was valuable, since the role of tourism, which had never been clearly defined, must be fully understood in the light of the rapid advance

of science and technology. The International Union of Official Travel Organizations might perhaps convene a small body of sociologists and economic planners to make such a study.

58. Tourism would be greatly increased if air fares, especially to the developing countries, could be reduced and all obstacles to air traffic, such as restrictive bilateral or pool agreements, removed. An "open skies" policy would be followed at the new Colombo airport, and the Ceylonese delegation urged the International Air Transport Association and all Governments to make every effort to reduce fares and remove obstacles.

The meeting rose at 6.5 p.m.

United Nations
**GENERAL
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**SECOND COMMITTEE, 1048th
MEETING**

Friday, 28 October 1966,
at 10.35 a.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 53

International Tourist Year (*continued*) (A/6303, chap. XIII, sect. V; A/6427, E/4218 and Corr.1, A/C.2/L.867 and Add.1)

1. Mr. FILALI (Morocco) said that his delegation supported draft resolution A/C.2/L.867 and Add.1. The aim of the draft resolution was to arouse among nations and men an awareness which, even if it already existed, was not reflected as extensively as was desirable. The international community, and more particularly the developing countries, expected the expansion of tourism to bring greater wealth to the deprived regions, to raise the economic, cultural and social level of the peoples and to bring about greater understanding among men through direct contacts with the life of the inhabitants of other continents. The development of tourism offered one other advantage: it was an appreciable source of foreign exchange for the developing countries, whose balance of payments often showed a deficit.

2. Morocco attached great importance to the development of a tourist infra-structure directed towards the construction of hotel complexes and the development of the various touristic sites of Morocco. Situated as it was at the crossroads of the great lines of communication, a link between East and West and enjoying a temperate climate owing to its proximity to the sea, Morocco had some towns which were world famous. It also had a first-class road network, modern ports and airports, a large number of comfortable hotels, and mountain and seaside resorts. Moreover, having fallen heir to Moslem art which was the pride and the tourist attraction of Spain, Morocco was open to both African and European influences. Furthermore, hospitality was an age-old tradition of the Moroccan people.

3. The efforts his country had made to publicize and develop its touristic infra-structure had not, however, brought the reward it deserved in the influx of tourists that it was entitled to expect. He therefore hoped that International Tourist Year would provide the occasion for a better understanding of the problems encountered by the developing countries in their efforts to attract tourists. That understanding should be reflected not only in an increase of financial and technical assistance but above all in tireless action to overcome certain prejudices; such action could not fail to lead to a

better distribution of tourist traffic in the world, greater understanding among men and, in the last analysis, peace among peoples.

4. Mr. ABERKANE (Algeria) said that his Government was following with great interest the rapid developments taking place in tourism. Algeria had not been able to turn its attention to tourism until it had regained sovereignty, the one being closely linked to the other. It now had a vast touristic infra-structure, a wealth of natural resources and a particularly favourable geographical position. Algeria was convinced, moreover, that tourism by reason of the direct contacts that it made possible among men, was an appreciable factor for peace and friendship and could help to bring about what had been called the "disarmament of minds".

5. The opportunities for tourist expansion were now infinitely greater than they had been a generation earlier, owing to the great technical advances that had been made in communications and transport. The world had become smaller and its peoples had been prompted to seek new forms of coexistence which would permit personal contacts at all political, economic and cultural levels. That being so, it was paradoxical that there was already a tendency to lose interest in the cultural treasures and the past and present civilizations which had yet to be explored. The developed countries had up to the present been able to explore their own resources in that matter systematically. If, therefore, a greater effort was to be made, there was no doubt whatever that it should be made in favour of the developing countries, whose means fell far short of their tourist potential. Unless the developing countries were given greater assistance, either bilateral or multilateral, it was to be feared that those efforts would once again be to the benefit of the developed countries. It lay with the developing countries, of course, to make suitable arrangements for receiving foreign tourists, especially in regard to customs formalities and material and health conditions.

6. Algeria had a number of interesting achievements to its credit. After attaining independence, it had opened three tourist promotion centres, in Paris, Frankfurt and Stockholm, and expected to open others in the near future. At present the nationals of twenty-six countries, including sixteen European countries, could enter Algeria without a visa. From the point of view of accessibility, Algeria had one of the best infra-structures in Africa, with twenty-one ports, seventeen airports and more than eighty airfields. There were no formalities required of travellers for the temporary import of motor vehicles, personal effects or currency. Algeria had nearly a thousand

hotels, 200 of which were tourist class. It was the melting pot of many civilizations and was endeavouring to promote its archaeological sites, some of which dated back 6,000 years, its beaches, its hot springs and its handicrafts.

7. A whole series of measures had been arranged for the celebration of International Tourist Year in 1967. At the domestic level, a national committee under the chairmanship of the Minister for Tourism was working on the propagation of the slogans and themes of the International Union of Official Travel Organizations (IUOTO), in particular "1967: International Tourist Year" and "Tourism, Passport to Peace". All tourist and para-tourist companies would be instructed to include those two themes in their publications for 1967. The Ministry of Tourism would also publish greeting cards bearing those two slogans and reproducing the IUOTO emblem. Tourist posters were being printed and the Ministry of Posts and Telegraphs had arranged for the issue of commemorative stamps and seals. Lastly, the Ministry of Education had made arrangements for the schools to set aside a special day to be devoted to the development of tourism. At the external level, Algeria had supported the recommendations of the nineteenth General Assembly of IUOTO and was endeavouring to propagate them in the other African countries, mainly through the sub-regional office of the Economic Commission for Africa. The Standing Committee on Tourism, which comprised Algeria, Morocco, Tunisia and Libya, had also decided in October 1965 to support the recommendations of IUOTO.

8. Those activities testified to the importance which the Algerian Government attached to tourism. In fact, tourism at present represented the greatest item of international trade and was increasing by 15 per cent a year. From the point of view of the developing countries, it was natural that international tourism should take precedence over national tourism. Indeed, the movement of people was effectively replacing the more difficult movement of goods and capital. It would consequently be unfortunate if the countries exporting tourists were to impose restrictions in order to try to decrease the flow of their nationals to the developing countries. The argument of equilibrium in the balance of payments should not affect tourism, for it was an established fact that the tapping of foreign exchange that tourism entailed was compensated by the purchases of goods and services by the developing countries. There were a number of anomalies in the situation in that matter; in particular, the amount spent by tourists had not progressed at the same rate as had their number. It would be useful if the Secretary-General could make a further effort to obtain replies to the questionnaire which he had sent out to Governments on the subject of their activities in the field of tourism and to which only thirty-nine countries had replied so far.

9. Turning to the IUOTO report (E/4218 and Corr.1), he expressed the view that it would have been useful for the report to be accompanied by the comments of the Secretary-General. Nevertheless, it provided an impressive list of ideas and suggestions which would certainly help towards an adequate celebration of

International Tourist Year. In particular, the proposals put forward in chapter VII were of great interest and were not such as to require efforts on the part of the Secretariat that were beyond the means and the funds at its disposal.

10. He regretted that draft resolution A/C.2/L.867 and Add.1 had been drawn up in such haste that Algeria had been unable to appear among the sponsors. The Algerian delegation would like to restore the specific reference to International Tourist Year appearing in Economic and Social Council resolution 1108 (XL) to its correct place. It would also like the word "peace" to be mentioned at least once in the text of the draft resolution. It therefore proposed that the third preambular paragraph should be replaced by the following:

"Recognizing the importance of international tourism, and particularly of the designation of an International Tourist Year, in fostering better understanding among peoples everywhere, in leading to a greater awareness of the rich heritage of various civilizations and in bringing about a better appreciation of the inherent values of different cultures, thereby contributing to the strengthening of peace in the world".

If that amendment was accepted, his delegation would be glad to join the sponsors of the draft resolution.

11. Mr. KADRY (Iraq) said that he was happy to note that the representatives of a number of developed countries had already participated in the debate in order to give the Second Committee the benefit of the experience of their countries in the matter of tourism. The Committee had before it a number of interesting documents on that subject, such as the final report of the United Nations Conference on International Travel and Tourism, held at Rome in 1963,^{1/} the Secretary-General's report on the action taken on the recommendations of that Conference,^{2/} the IUOTO report (E/4218 and Corr.1) and the Final Act of the United Nations Conference on Trade and Development (UNCTAD).^{3/} Although they put forward some interesting recommendations, those documents were by no means exhaustive. Tourism, as it was known today, was a recent phenomenon, related to a considerable extent to the increase in the purchasing power and in the increased leisure time of the individual. It had become a mass phenomenon, especially in the developed countries. For obvious reasons, it had hitherto been limited to a great extent to the countries which were able to provide the necessary facilities and services. Tourism was in fact closely related to economic development as a whole. There were, however, other factors involved, such as the ability of a country to take advantage of the communications media in order to project its cultural heritage and its touristic sites; hence the importance of multilateral action. Earnings from international tourism could represent a considerable percentage

^{1/} Document E/3839.

^{2/} Official Records of the Economic and Social Council, Fortieth Session, Annexes, agenda item 8, document E/4145.

^{3/} See Proceedings of the United Nations Conference on Trade and Development, vol. 1: Final Act and Report (United Nations publication, Sales No.: 64.II.B.11).

of national income and could be an important source of foreign exchange. The distribution of gains from tourism, however, continued to be very unequal.

12. Iraq, for its part, was becoming increasingly aware of the value of tourism as a potentially important factor in its economy. It was making great efforts to provide foreign tourists with the necessary facilities and services. It was proud of its past and of the new Baghdad Museum, which housed the treasures of the past.

13. Turning to the draft resolution, of which his delegation was a sponsor, he pointed out that International Tourist Year was a point of departure and not an end in itself. The draft resolution made a clear reference to the need to encourage tourism to the developing countries. Another important aspect of the draft resolution was the emphasis it placed on the assessment of the results achieved in 1967 as a point of departure for further multilateral action. His delegation associated itself with the comments made by the representative of Sweden at the Economic Committee of the Economic and Social Council, at its forty-first session, when he said that the aims of the International Tourist Year should be more specifically tailored to benefit the developing countries. The representative of Iraq hoped that the draft resolution would be approved unanimously.

14. Mr. TEMBOURY (Spain) stressed the capital importance of large-scale tourism for the economic and social development of his country. Spain's experience in that regard should be of particular interest to the developing countries, and it gladly offered them its co-operation in studying the subject. From the social and cultural point of view, tourism had led to a better understanding of Spain by other peoples and a better understanding of the problems of other peoples by Spaniards. In economic terms, tourist income was now as important as earnings from the export of goods, a fact which partly compensated for the serious adverse effects on Spain's trade balance from the measures it had taken to liberalize foreign trade. Spain had also been compelled to divert part of its financial and human resources to the tourist industry in order to improve the tourist infra-structure and facilities, thus decreasing its export potential and obliging it to import more in order to satisfy the needs of the visitors. The tourist industry was a complex mechanism, not without its problems with which Spain had now become more familiar.

15. Spanish tourists were also travelling abroad in steadily increasing numbers, thanks to the rise in the standard of living, which was partly due to tourist income. The Government granted Spanish tourists all possible facilities, in the general interest of better understanding among peoples, although such foreign travel lessened net invisible income. His delegation therefore unreservedly supported the draft resolution and the Spanish Government would spare no effort to give the required prominence to International Tourist Year and implement the recommendations of IUOTO.

16. Mr. KOMIVES (Hungary) said that his delegation whole-heartedly supported the designation of 1967 as International Tourist Year. The progress made in

tourism was to a great extent attributable to the Rome Conference and to the work of IUOTO. The data supplied by that organization illustrated the economic importance of international tourism. Tourism represented 6 per cent of world exports and its annual rate of growth between 1950 and 1963 had been 12 per cent. It would be wrong, however, to regard the economic role of tourism as limited to its impact on the balance of payments. It facilitated the development of the services sector as a whole; moreover, it was an excellent means of education, providing the tourist with first-hand knowledge of the culture, art and languages of foreign countries. Lastly, tourism promoted understanding among peoples and served the cause of peace. In that connexion, his delegation supported the amendment proposed orally by the Algerian representative.

17. International tourism had expanded enormously since 1950. The number of foreign tourists visiting member countries of IUOTO had risen from 25 million in 1950 to 118 million in 1965. In many countries, tourism was becoming an independent economic sector. As it developed into a mass phenomenon, the cost factor became increasingly significant. In Europe, which had accounted for 70 per cent of international tourist traffic in 1964, there was now an increasing east-west and west-east movement in addition to the hitherto prevailing north-south flow. In 1965, the socialist countries had received 9.1 million foreign tourists, more than one third of whom had come from Western countries.

18. As a result of many different factors, the developing countries were tending increasingly to attract tourists. Hungary had received 2.6 million foreign tourists in 1964 and 1965. The Hungarian Government had simplified visa formalities and had made great efforts to increase the number of hotels and develop its road network. The competent Hungarian authorities, who had already begun preparations for International Tourist Year, would pay special attention to promoting travel to the developing countries.

19. Finally, he appealed to the sponsors to alter the wording of operative paragraph 2 in order to bring it into harmony with the spirit of the draft resolution. He hoped that the sponsors would find a solution acceptable to all delegations. In that connexion, the Hungarian delegation supported the Polish representatives's proposal (1047th meeting).

Mr. Bolko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

20. Mr. BRADLEY (Argentina) emphasized the importance of tourism as a means of augmenting the means of payment of developing and developed countries alike, and the leading role which it played in the trade balance of certain countries, such as Switzerland, Italy and France, and more recently Spain, Mexico and Yugoslavia. A flow of tourist traffic to the Mediterranean countries of North Africa was also to be noted. In addition, the rapid growth in the number of tourists and the fact that tourism was becoming more and more within the reach of the masses of the people each year, were promoting better understanding among peoples and making it really possible to speak of tourism as the passport to peace.

21. Although Argentina was not on the traditional tourist routes, it, nevertheless, had some important points in its favour: the route to Argentina, however long, included points of exceptional beauty, such as the West Indies, the Atlantic and Pacific coasts and the vestiges of very ancient civilizations. In Argentina itself, besides the strange world of the Antarctic and the immensities of the pampas, the tourist could visit easily accessible cities where he would find all modern comforts, at prices among the lowest to be found anywhere. The major world airlines served Latin America, which could be described as a real paradise for international tourism. He invited the members of the Committee to verify that fact for themselves.

22. The Argentine delegation supported the draft resolution, of which it was a co-sponsor, without reservations.

23. Mr. RAMAHOLIMIHASO (Madagascar) welcomed the draft resolution in view of the importance of international tourism in improving co-operation among peoples and knowledge of civilizations and cultures. If the year 1967 was to have a truly international character, however, tourism must no longer be limited to the northern hemisphere and must extend to the whole world, and particularly to the south, where civilizations were no less interesting, the beauty spots no less delightful and the welcome no less warm than elsewhere. An influx of tourists would encourage the developing countries to improve their tourist infrastructure.

24. In that connexion, the United Nations was not indifferent to the concerns of the developing countries: the African regional symposium, planned for late 1966 or early 1967, which would deal with problems of accommodation and vocational training, was proof of that fact. In addition, the programme of development for International Tourist Year included the establishment of regional centres for training in tourism and hotel management for Latin America, the Middle Eastern countries and Africa. For the developing countries, however, the essential question was whether to establish the tourist infrastructure first or to promote the tourist traffic which would justify the investments required to establish that infrastructure. The Malagasy delegation thought that the two problems were closely connected and that their simultaneous solution would be hastened by the proclamation of 1967 as International Tourist Year.

25. Mr. NICULESCU (Romania) said that statistics showed that tourism was one of the most dynamic economic activities: in 1965, the world total of foreign exchange income from tourism had amounted to 6.2 per cent of the value of world exports, and the average annual rate of increase of such income had been 15 per cent in recent years.

26. During the discussions at the forty-first session of the Economic and Social Council, which had drawn attention to the human, cultural and economic importance of tourism and to its contribution to the economic growth of all countries, the Romanian delegation had been among those supporting the idea of an International Tourist Year, and it had therefore joined in sponsoring the draft resolution before the Committee.

27. That draft embodied the basic idea, set forth in recommendation A.IV.24 of the Final Act of UNCTAD, that special attention must be paid to promoting tourist traffic to the developing countries. In addition, in connexion with International Tourist Year, which was also designed to promote tourism at the national level, each country would take the action that it considered most appropriate. That was what the Romanian Government proposed to do. The United Nations, and particularly the regional economic commissions, could also play a part in that respect: Romania hoped that the Economic Commission for Europe (ECE) would make its contribution to the Development of tourism among all the European countries, without distinction as to social and political systems, in pursuance of the resolution on International Tourist Year and the development of European tourism adopted at the twenty-first session of ECE.^{4/}

28. The preamble of the draft resolution contained another basic idea: that International Tourist Year was intended for the benefit of all the peoples and all the Governments of the world and that it was bound up with world-wide co-operation. The United Nations Conference on International Travel and Tourism had adopted a resolution to the same effect. Romania attached great importance to developing co-operation in international tourism at the same time as it improved its own tourist potential.

29. The Romanian delegation welcomed the draft resolution before the Committee and hoped that International Tourist Year would further the cause of peace and understanding among all peoples and States and enhance international co-operation in matters of tourism.

30. Mr. WILMOT (Ghana) said that his country, like so many others, attached great importance to the promotion of tourism in the developing countries, and it therefore endorsed the objective of the draft resolution which designated 1967 as International Tourist Year.

31. In addition to its contribution to better understanding among the countries of the world, international tourism was an invaluable source of foreign exchange and in some countries represented a considerable portion of the national income. For example, it accounted for 10 to 20 per cent of the visible and invisible foreign exchange earnings of Italy and Switzerland and more than 40 per cent of those of Spain. Unfortunately, as in most other cases, the economic benefits of international tourism had eluded the developing countries. Whereas in 1963, a revenue of \$5,437 million and \$1,483 million had accrued respectively to Europe and North America from tourism, a total revenue of only \$2,131 million had accrued to the countries of Latin America, Africa, Asia and the Middle East from the same source.

32. Of the developing regions, Africa was perhaps the least visited area, although it had perhaps the richest culture in the world and incomparable tourist attractions. The people of the United States, the greatest tourists in the world, continued to concentrate their tourist activities in Europe even though Europe

^{4/} See Official Records of the Economic and Social Council, Forty-first Session, Supplement No. 3, part III, resolution 5 (XXI).

had practically nothing new to offer them since the cultures and civilizations of the two continents were basically the same. They alleged that the reason preventing them from visiting Africa was the prohibitive cost of travelling. The fact was that the international air fares to the developing countries were so high as to constitute a positive impediment to the expansion of international tourism in those countries. For that reason, his delegation whole-heartedly welcomed the decision recently taken at Honolulu by the International Air Transport Association to lower fares on European-African routes from 1 April 1967. That decision would give the African tourist industry a boost if the countries concerned gave it their approval, and his delegation appealed to them to do so. If, therefore, the Governments of the United States of America and of the European countries, in particular, gave the widest possible publicity to those fare cuts and encouraged their nationals to visit Africa and other developing areas, they would contribute to the realization of the objectives of the draft resolution. The developing countries, for their part, were making efforts to develop the tourist industry, to protect natural sites and historical monuments and to encourage handicrafts.

33. It was the hope of his delegation that the International Tourist Year would modify the traditional pattern of international tourism and contribute in a decisive manner to the expansion of tourism in the developing countries.

34. Mr. JULEV (Bulgaria) said that his Government had established a Central Department of Tourism, which was a member of IUOTO. Its responsibilities included the implementation of Economic and Social Council resolution 995 (XXXVI) and of the recommendations of the United Nations Conference on International Travel and Tourism. Among the measures taken by Bulgaria to give effect to those resolutions was the signing of visa formalities agreements with fifteen countries, including several developing countries. Its tourist arrangements were today among the most liberal anywhere. It had also taken an active part in a consultative meeting of the official tourist bodies of the Balkan countries, which had been held at Belgrade during the summer of 1966. The first regional conference of the organization which had been set up on that occasion had been held at Sofia from 3 to 8 October 1966. His country, in co-operation with its neighbours Yugoslavia and Turkey, had completed the construction of a Balkan highway that linked Europe as a whole with the Balkan countries, the Middle East and Asia.

35. Visas had been eliminated for the nationals of ten countries, and the nationals of the other countries could obtain a tourist visa, either outside the country or at the Bulgarian frontier, without any difficulty. As a result of those arrangements, of the investment in basic facilities and services and of the natural beauty and the historical and cultural wealth of the country, the number of tourists had increased by more than twelve times since 1958, when 80,000 visitors had been recorded, to 1965, when 1,060,000 tourists had visited the country. From the tourist point of view, Bulgarian tourists taking part in or-

ganized cruises often visited the developing countries along the shores of the Mediterranean Sea.

36. Bulgaria proposed, on the occasion of the International Tourist Year, to organize a number of international cultural, artistic and sporting events under the inspiration of the slogan "Tourism, Passport to Peace", which had been coined for the occasion. It regarded the International Tourist Year as a means of increasing understanding among different peoples, countries and régimes and of thus contributing to the strengthening of peace and friendship among all the people of the world. It was that spirit, too, which was the basis of the third preambular paragraph and of the draft resolution as a whole, except, unfortunately, for operative paragraph 2, into which there had slipped a shadow of the cold war. The intention had been to close the door to certain countries, and in particular to the German Democratic Republic, which was the host country and the country of origin of hundreds of thousands of tourists. That represented a regrettable contradiction and even a wilfully vexatious action. The Bulgarian delegation hoped that all countries and organizations interested in the success of the International Tourist Year would rally around the slogan: "Tourism, Passport to Peace".

37. Mr. ELM (Iran) expressed his gratification at the support being given to the draft resolution by the members of the Committee. His country, which already had tourist organizations at its disposal, would make every effort to prepare for the International Tourist Year because it regarded tourism not only as an important source of foreign exchange but also as an excellent means of promoting mutual understanding among peoples. That was, moreover, the spirit in which Iran had always endeavoured to broaden its cultural relations with all countries, regardless of their type of government. According to the slogan of IUOTO, tourism was without any doubt a "passport to peace".

38. Mr. MURAYA (Kenya) said that there was no better book than tourism to facilitate an understanding of other peoples and their cultures. He therefore expressed the hope that the success of the International Tourist Year would make it possible to correct certain erroneous concepts which might have been disseminated by various mass media and thus to promote a better understanding among peoples of different social and cultural backgrounds.

39. In the economy of his country, tourism was second only to agriculture as a source of foreign exchange. The tourist industry could nevertheless bring in even more foreign exchange if more active co-operation was forthcoming from the developed countries. In many of the developing countries, for example, the hotel facilities were often owned and managed by foreigners, the package tours were organized from abroad, and the tourists flew in the airlines of their own countries. He wished to thank Austria for its aid to tourism in the developing countries, especially in hotel management, and he hoped that many other countries would follow that example and help the developing countries to give their tourist industry a national character.

40. Although there were already 5,400 beds in the hotels and lodges of Kenya, the Government was undertaking to expand accommodation facilities by 1,000 beds by 1970 and to improve domestic transport. It was doing that because the number of tourists, which had been 65,000 in 1964, was expected to increase by about 15 per cent a year. That hope was justified by the fact that Kenya, with its magnificent scenery, its wide variety of fauna and flora and its game and fishing resources, offered unlimited tourist attractions.

41. The Government of Kenya, through its Tourist Development Corporation, would do all that it could to make the International Tourist Year a success. It would like to be included among the sponsors of the draft resolution.

42. Mr. FERNANDINI (Peru) emphasized that tourism, both domestic and international, was an important factor in development, not only because it was a source of foreign currency earnings, but also because it promoted the development of other industries such as transport and construction.

43. Since the Argentine representative had brought out very clearly all the arguments in favour of tourism, he would merely stress its cultural interest, and in that connexion, he pointed out that his country was about to conclude an agreement with UNESCO for the conservation of Cuzco and of the Machu Pichu region; the agreement would promote the development of tourism in that region and provided an excellent example of the aid supplied by international organizations.

44. In conclusion, his delegation expressed the hope that the draft resolution would be adopted unanimously.

45. Mr. DELGADO (Senegal) stressed the importance of tourism in the process of economic growth of the developing countries and pointed out that his Government was striving to develop the possibilities which Senegal offered in that respect, with its varied sites of tourist interest and the choice situation of its capital at the hub of international communications. Work on the hotel infra-structure, carried out under its first development plan, had enabled Senegal to be host to nearly 50,000 visitors on the occasion of the first World Festival of Negro Arts, and that influx of tourists had, in turn, encouraged the Government to continue its efforts under the second four-year plan. Provision had been made for building new hotels and new railway lines and for the development of new centres of tourist interest. The Department of Tourism, which came under the Ministry of Information, was promoting the development of handicrafts through a National Centre for Handicrafts and regional centres. Senegal was also taking an active part in the work of IUOTO.

46. He associated himself with the appeal which the representative of Kenya had just made to the developed countries and recalled that, at the last session of the Governing Council of the United Nations Development Programme, the Administrator had mentioned the very interesting possibility that pre-investment projects would be undertaken in the tourist sector.

47. His delegation would enthusiastically support the draft resolution and the amendment proposed by the Algerian delegation.

48. Mr. OMEISH (Libya) said that economic, social and even political considerations were proof of the fact that, as the resolution adopted by the United Nations Conference on International Travel and Tourism had stressed, tourism deserved the encouragement of all peoples and all Governments. As the draft resolution under consideration emphasized, it was also an excellent instrument for fostering better understanding among peoples and would lead to a better appreciation of the values of different cultures.

49. However, in regard to the economic advantages of tourism, the revenue derived from it was very unequally distributed throughout the world. The report of the Secretary-General on the implementation of the recommendations of the Rome Conference (E/4145, para. 11), showed in fact, that in 1963, as in 1950, the share of world earnings from tourism received by Africa, Latin America, Asia and the Middle East was far below that received by North America and, especially, Europe. The developing countries, under their national plans, should therefore pay greater attention to the development of tourism, taking into account above all the need to create favourable conditions by modernizing and expanding hotel facilities and by publicizing them throughout the world. To that end, they needed both multilateral and bilateral technical assistance from the international and inter-governmental organizations concerned; that assistance should be focused on the elaboration of plans for developing the tourist industry as part of over-all development plans, on the establishment of vocational training schools, and on the organization of national or regional symposia on research and vocational training for tourism.

50. His delegation noted with appreciation that the Middle Eastern centre for training in tourism and hotel management was to extend its services to the African countries in connexion with International Tourist Year.

51. The Libyan Government considered tourism to be one of its national industries and, while wishing to leave its expansion to the private sector, it had allocated the sum of £1.8 million to that industry under the current five-year plan for the construction of hotel facilities at archaeological and tourist centres in the interior of the country. It was also his Government's intention to establish and subsidize a specialized agency for tourism.

52. In conclusion, he said that his delegation would vote in favour of the draft resolution.

53. Mr. NEAL (Liberia) said that his delegation would vote for the draft resolution. It also endorsed without reservations the report of IUOTO which showed very clearly how the expansion of tourism could contribute towards a more equitable division of wealth in the world.

54. Mr. LUTCHMAN (Trinidad and Tobago) pointed out that his country, with a population drawn from all the continents of the world, was proof of the

cultural enrichment which resulted from the unrestricted intermingling of peoples of different races, cultures, origins and religions. Tourism, which made it possible to overcome distances and frontiers, could promote such an enrichment on the international level.

55. As a sponsor of the draft resolution, his delegation was happy to note that all were agreed on recognizing the importance of tourism both as an instrument for international understanding and as a source of foreign currency earnings. His delegation could not help deploring, however, as the representative of Italy had done, the fact that the practical measures designed to facilitate tourism were far from being universally applied and lagged far behind technical progress in that sector. Trinidad and Tobago continued to respect the agreements concluded by its former administering Power concerning the abolition of visas, but its nationals had sometimes had occasion to note that the immigration services of certain countries did not grant reciprocal facilities to the nationals of newly independent countries. Where there was a desire for reciprocity, however, some countries were quite ready to remove the now outdated restrictions; for example, he quoted the agreement recently concluded within the Pan American Health Organization on the standards to be applied for transporting the remains of those who had died outside their own country, an agreement which would make it possible to overcome the sometimes considerable difficulties which arose in that connexion.

56. His delegation appealed to all Member States to take positive measures, during International Tourist Year, to promote tourism by abolishing unnecessary formalities which, unfortunately, in some regions still restricted the freedom of exchange, which was part of tourism and which could make such a great contribution to international understanding and friendship.

57. Mr. SADI (Jordan) said that his country, which did not have the same oil resources as its neighbours, possessed, on the other hand, historical and religious sites which were of great touristic value; the number

of foreign visitors to Jordan had risen from only 30,000 in 1951, to almost 1 million in 1966.

58. His delegation had therefore enthusiastically joined the other sponsors of the draft resolution and hoped that the designation of International Tourist year would be followed by more positive results than had been the case with other "Years" which had been ridiculed in a recent article in The Times of London.

59. Mr. PEREZ LOPEZ (Mexico) said that his country benefited from a fairly considerable influx of foreign tourists, mainly from the United States, and that the foreign currency income which it derived from tourism represented approximately 10 per cent of the total of its imports of goods; in addition, it derived a similar amount from daily border transactions with the United States.

60. His country would perhaps have preferred 1968 to be designated as International Tourist Year, since that was the year in which it would be host to the Olympic Games. Apart from the preparations which it had made in that connexion, the Mexican Government was constantly striving to extend and improve the facilities for foreign tourists and to develop new tourist areas.

61. Having supported the resolution in which the Rome Conference, held in 1963, had recommended the abolition of Tourist taxes, the Mexican Government had enacted relevant legislation. On the currency question, his delegation shared the opinion expressed at the previous meeting by the representative of Greece and stressed that Mexico had always remained faithful to the principle of freedom of exchange.

62. His delegation supported the draft resolution without reservation, since it thought that the International Tourist Year could only have favourable results, not just from the economic point of view but above all from the standpoint of promoting mutual understanding among peoples.

The meeting rose at 12.55 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1049th
MEETING

Friday, 28 October 1966,
at 3.5 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 53

International Tourist Year (continued) (A/6303, chap. XIII, sect. V; A/6427, E/4218 and Corr.1, A/C.2/L.867 and Add.1)

1. Mr. FRANCO (Colombia) said that in 1965 the number of tourists throughout the world had exceeded 75 million and their expenditure had amounted to \$53,000 million, of which international tourism accounted for some \$13,000 million. Those figures showed that tourism was undoubtedly the most important socio-economic phenomenon of the twentieth century. The Economic and Social Council had therefore been right to proclaim 1967 as International Tourist Year.

2. In spite of its geographical position and other attractions, Colombia had not taken full advantage of its tourist potential and its income under that head barely reached \$27 million per year. With a determined policy aimed at promoting tourism, Colombia could multiply that income within a few years and was preparing a bill designed to increase state investment in the tourist infra-structure, to grant financial incentives to tourist establishments, and to reorganize the present Colombian Tourist Office. In addition, the Colombian authorities were hoping to launch an intensive campaign to make all Colombians aware of the benefits of tourism.

3. His delegation supported draft resolution A/C.2/L.867 and Add.1 but agreed with the representative of Italy that the title might be more accurately rendered in French—and, he would add, in Spanish. Colombia considered tourism an important factor in the development of the developing countries and hoped that the members of the United Nations family would give the Secretary-General every assistance in carrying out the requests addressed to him in operative paragraphs 4 and 5 of the draft. He appealed to all countries to stimulate the flow of tourists to the developing countries as a means of promoting progress in those countries and world peace.

4. Mrs. KODIKARA (Philippines) supported the draft resolution and the amendment orally proposed at the previous meeting by the representative of Algeria. So far, the foreign exchange receipts which the developing countries had obtained from tourism

had been meagre and she hoped that, as a result of the encouragement given by the draft resolution, their share of international tourism would increase. She also welcomed the draft resolution as a means of promoting international understanding and of developing direct contacts between peoples. She hoped that International Tourist Year would be a success and would serve as the point of departure for further efforts in the years to come.

5. Her delegation was gratified at the studies of tourism that had been made, the seminars that had been held, the fellowships that had been offered by the International Union of Official Travel Organizations (IUTO) and the other measures outlined in the report of IUOTO (E/4218 and Corr.1).

6. The Philippines was anxious to build up its tourist infra-structure so as to facilitate traffic not only into and out of Manila but throughout its territory. It would co-operate whole-heartedly within the limits of its resources to the success of International Tourist Year.

7. Mr. AGIUS CESAREO (Malta) said his country was well aware of the contribution which tourism could make to understanding between peoples as well as to the alleviation of balance-of-payments difficulties in the developing countries. Malta was doing everything it could to encourage tourism and, while it agreed with the Secretary-General that the idea of designating years for specific purposes was likely to show diminishing returns, it supported the draft resolution.

8. He suggested that, as recreation was the primary aim of tourists, the word "recreational" should be inserted in the fifth preambular paragraph before the word "educational". Also, since International Tourist Year was more likely to increase the tourist receipts of the developed rather than the developing countries, his delegation felt that the words "will encourage" in the sixth preambular paragraph should be changed to the words "may encourage". He was glad to note that the study requested of the Secretary-General in operative paragraph 4 would be conducted within the limits of existing resources and hoped that the study outlined in operative paragraph 5 (a) would indicate the number of additional tourists attracted to the developing countries as a result of International Tourist Year.

9. Malta was prepared to vote for the draft resolution as it stood, while considering that the two changes it had suggested would definitely improve the text.

10. Mr. Mohamed AL-ATRASH (Syria) said that, besides its economic and financial benefits, tourism was of primary importance in enabling people to become better acquainted with one another. It was a

means of eliminating prejudice and hence of promoting peace, an idea that was embodied in the third preambular paragraph of the draft resolution.

11. His delegation was glad to support the text but hoped that a suitable change could be made either in the preamble or in the operative part to take into account the principle of universality.

12. Mr. CHAMMAS (Lebanon) said that tourism in Lebanon, while not playing such an important role as it did in Spain, for example, nevertheless represented 5 per cent of the national income. Lebanon considered tourism not only as a source of foreign exchange but as a means of enhancing international understanding. That point was brought out in the draft resolution of which Lebanon was a sponsor. At the moment, Lebanon was not engaging in any campaign for the encouragement of foreign tourists because it did not wish to have more visitors than it could properly accommodate. The developing countries were aware of the importance of tourism and would be able to attract more tourists once they had built up the necessary infra-structure. At the same time, it was important for all countries to simplify formalities.

13. His delegation agreed with the representative of Italy that the French title of the draft resolution should be clarified.

14. Mr. RYABONYENDE (Rwanda) said that, as a developing country, Rwanda recognized the importance of tourism as a means of improving its economic position and of contributing to international understanding. It appreciated the efforts that had been made to designate 1967 as International Tourist Year and warmly supported the draft resolution, together with the amendment proposed by the representative of Algeria at the last meeting. Rwanda had been termed the Switzerland of Africa and its attractions included lakes, mountains, parks and a wide variety of wild animals. Rwanda appreciated the assistance it had received in building up its tourist infra-structure.

15. Mr. CHADHA (India) said that the sponsors of draft resolution A/C.2/L.867 and Add.1 were grateful for the widespread support it had received and for the many useful amendments that had been suggested.

16. The sponsors had made an effort to meet the objections expressed by the representatives of Czechoslovakia and other socialist countries to what they considered discriminatory and restrictive provisions of the draft resolution by adding, after the second preambular paragraph of the existing text, the following new preambular paragraph:

"Recalling further the resolution of the United Nations Conference on International Travel and Tourism entitled 'Importance of Tourism' which stated, inter alia, that tourism is a basic and most desirable human activity deserving the praise and encouragement of all peoples and all Governments."

17. The sponsors had decided that the best way of incorporating the very helpful suggestions made by the representative of Algeria would be to delete the third preambular paragraph and replace it by the following text:

"Recognizing the importance of international tourism and particularly of the designation of an

International Tourist Year in fostering better understanding among peoples everywhere, in leading to a greater awareness of the rich heritage of various civilizations and in bringing about a better appreciation of the inherent values of different cultures, thereby contributing to the strengthening of peace in the world."

18. The sponsors had no objection to inserting the word "recreational" before the word "educational" in the fifth preambular paragraph, as the representative of Malta had suggested; they wished, however, to appeal to him not to insist on his proposed amendment to the sixth preambular paragraph.

19. The representative of Italy had made a suggestion concerning a change in the French title of the draft resolution. He had rightly pointed out that, in some parts of the preamble, reference was made to a year devoted to international tourism, while the French title spoke of an International Year of Tourism. However, the intention clearly was to devote an international year to tourism as was apparent in the IUOTO report. Although the basic emphasis would be on the promotion of international tourism, the activities during the International Tourist Year would also encourage tourism in general, which was to be desired. The sponsors, therefore, proposed to alter the opening of the sixth preambular paragraph to read as follows: "Considering that the designation of an International Tourist Year will encourage...". The sponsors would appeal to the representative of Italy not to press his amendment, particularly since all publicity material for the Year had already been prepared and issued with the wording used in the draft resolution and incorporated in the emblem prepared by IUOTO, and a change at such a late stage would cause great confusion.

20. Mr. NATORF (Poland), speaking on behalf of the ten socialist countries, thanked the sponsors of the draft resolution for having inserted a new paragraph in the preamble in order to establish the principle of universality. In a spirit of compromise, the socialist countries would now be able to vote for the draft resolution in its amended form but that did not mean that they approved of operative paragraph 2. The discriminatory phrase "States Members of the United Nations or members of the specialized agencies or of the International Atomic Energy Agency" should have been replaced by the phrase "all States".

21. Mr. SAMBIRA (Burundi) said that his delegation's views on tourism could be summarized in the slogan for International Tourist Year: "Tourism, Passport to Peace". The draft resolution was indeed a contribution to world peace and his delegation wished to be added to the list of sponsors.

22. Burundi's advantages as a tourist country were similar to those described earlier by the representative of its neighbour, Rwanda. It was doing its utmost to improve its tourist facilities and hoped, like other developing countries, that International Tourist Year would increase the number of visitors from the developed countries.

23. Mr. DELGADO (Senegal) asked that his delegation should be added to the list of sponsors of the draft resolution.

24. Mr. ELM (Iran) said that, as a sponsor of the draft resolution, he was prepared to accept all the amendments proposed; he had some doubt, however, about the appropriateness of the word "recreational" in the rather abstract context of the fifth preambular paragraph and suggested that it might be omitted or a more suitable word used.

25. Mr. AGIUS CESAREO (Malta) said that, in order to expedite the work of the Second Committee and meet the wishes of the sponsors, his delegation would withdraw both of its suggested amendments.

26. Mr. FRANZI (Italy) observed that he had raised the matter of the French title for the Year at meetings of the Economic and Social Council and IUOTO before referring to it again in the Committee. His views on the matter had been supported by the statements of the many speakers who had referred to the beneficial effects tourism—meaning international tourism—could have on a country's balance-of-payments position and by the repeated references in the draft resolution itself to international tourism. Moreover, a number of resolutions adopted by IUOTO at its nineteenth General Assembly had referred to "1967, Année du tourisme international". Nevertheless, if the members of the Committee were in favour of the existing title, he was prepared to accept their decision.

27. Mr. LOBANOV (Union of Soviet Socialist Republics) pointed out, in connexion with the International Tourist Year emblem, that the emblem shown in document E/4218 was to be replaced by another from

which the words "International Tourist Year" in all languages had been omitted. Agreement had been reached on that subject at the forty-first session of the Economic and Social Council,^{1/} as it was considered that it might be best if each country could add the words to its emblem in the languages it considered most useful for its purpose.

28. Mr. CHADHA (India) announced that the following countries should be included in the list of sponsors: Algeria, Burundi, Cyprus, Guinea, Kenya, Rwanda, Senegal and Uganda.

29. Mr. KITTANI (Secretary of the Committee) said that operative paragraph 4 of the draft resolution would have no financial implications as it specifically stated that the Secretary-General should provide, within the limits of existing resources and available funds, necessary assistance for the successful organization of the International Tourist Year. With respect to operative paragraph 5 of the draft resolution, the Secretary-General would propose to request IUOTO to prepare a report on the International Tourist Year which he would submit to the Economic and Social Council in 1968, together with any comments that Member States might wish to make. If that procedure were followed, the paragraph in question would not involve any financial implications.

The draft resolution (A/C.2/L.867 and Add.1), as amended, was adopted unanimously.

The meeting rose at 4.15 p.m.

^{1/} See document E/AC.6/SR.384. :

United Nations
**GENERAL
ASSEMBLY**

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1050th
MEETING**

Monday, 31 October 1966,
at 10.35 a.m.

NEW YORK

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Agenda item 45:

Permanent sovereignty over natural resources 173

Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 45

Permanent sovereignty over natural resources (A/5803, chap. III, sect. V; A/6430, E/3840, A/C.2/L.870 and Corr.1, A/C.2/L.871, A/C.2/L.873, A/C.2/L.874)

1. Mr. BADAWI (United Arab Republic) observed that the formal right of States to permanent sovereignty over their natural resources was universally recognized. The object of the draft resolution (A/C.2/L.870 and Corr.1), which he was introducing on behalf of the sponsors, was to secure for all States the actual exercise of that right in the interest of their national development.

2. None of the provisions should be construed as expressing hostility to foreign investment in the exploitation of natural resources; foreign capital was needed and, in fact, welcomed. The developing countries were, however, concerned to secure greater control of and safeguards for the exploitation and marketing of their natural resources. The sponsors believed that the measures proposed in the draft resolution would not discourage foreign investors; by removing the causes of the developing countries' dissatisfaction with existing arrangements, they would, in fact, create a more equitable and therefore more stable climate for investment. True international co-operation in that connexion could be achieved only if the justice of those countries' claim to an increased share in the administration, advantages and profits derived from exploitation was admitted. Moreover, as operative paragraph 7 indicated, permanent sovereignty also involved the right to some control over the marketing of resources, a right of which the developing countries had so far been deprived. The developing countries also considered that, in return for the profits developed countries derived from their natural resources, the latter countries should, as stated in operative paragraph 5, help them to overcome their technological backwardness by training national personnel for work relating to natural resources.

3. The sponsors attached particular importance to operative paragraph 9, which envisaged co-ordination of United Nations activities in industrial development with those connected with natural resources. They hoped that the unanimous adoption of the draft resolu-

tion would enable the inequities of the past to be remedied and the developing countries to enjoy full use of their natural resources in the future.

4. Mr. VARELA (Panama) pointed out that the draft resolution was, in effect, a reaffirmation in specific terms of the general principles enunciated in General Assembly resolutions 1314 (XIII), 1515 (XV) and 1803 (XVII). His delegation had become a sponsor of the draft resolution because of its firm conviction that a country's permanent sovereignty over its natural resources was part of its right to self-determination and that that sovereignty should be exercised in the interest of national development and welfare. The developed countries should have no difficulty in accepting operative paragraphs 1 to 4, which were not only conducive to better relations among nations but were in accordance with the spirit of the United Nations Charter and of modern international law.

5. The fact was that a great many developing countries did not, because of their weak economic position, enjoy the right of permanent sovereignty over their natural resources. That sovereignty necessarily implied their right to a fair share in the control and advantages of exploitation of their resources, as specified in operative paragraph 4; he therefore hoped that the suggestions made in informal consultations about the replacement of the word "right" by the term "desire" in that paragraph would not be pressed. Participation in the exploitation of natural resources was one means of exercising sovereignty and of securing economic independence, without which political independence was virtually meaningless.

6. The recent approval by the Third Committee of article 25 of the draft Covenant on Economic, Social and Cultural Rights (A/C.3/L.1414 and Corr.1) relating to peoples' rights over their natural wealth and resources had encouraged the sponsors of the draft resolution to hope that it would receive the overwhelming support of the Second Committee. His delegation appealed to the developed countries to support it and thus concede to others the rights which they themselves exercised.

7. Mr. RAHNEMA (Iran) said that the proponents of the draft resolution had been motivated by the realization that the economic development efforts of the developing countries could be successful only if they were based on genuine economic independence. Recent experience in those countries had proved that existing restrictions on the exercise of sovereignty over their natural resources were a major obstacle which could only be removed by full international co-operation. The Administrator of the United Nations Development Programme had recently stated that some 80 per cent of the natural resources and 90 per cent of the human

resources of the emerging countries were as yet untapped. It was the belief of the sponsors that those resources could be fully utilized only if those countries exercised full sovereignty and control over them.

8. For the developing countries, full sovereignty over their natural resources included increased participation in their exploitation, industrial use and marketing. Operative paragraphs 4 and 7 were intended to make the profit motive of the foreign investor in natural resources development compatible with the legitimate interest of the host country in such participation. The developing countries admitted that foreign capital played a useful role whenever it had operated in line with the development efforts of the countries concerned and, for the reason, they had generally protected it by legislation; it was true, however, that the foreign investor derived as much, if not more, benefit from his investment as did the developing countries themselves.

9. As an example, he quoted figures from the Survey of Current Business, of the United States Department of Commerce, according to which, during the years 1950-1963, the total profits derived from American investments abroad had been \$17,400 million over and above the capital exported by the United States during the same period; while, at the same time, some \$28,700 million had been added to United States possessions and business properties abroad.

10. The recognition of the right of developing countries to increase their share in the advantages derived from the exploitation of their natural resources should in no way discourage private foreign investors. In Iran, for example, the nationalization of the petroleum industry had led to greater profits and a better climate for investment. The old arguments about the need to protect foreign capital, which had been stressed at the twentieth session of the General Assembly, ignored the important principle that in the long run the aim of permanent sovereignty over natural resources was the long-term growth of the developing countries. The Committee should not let itself be distracted by arguments of minor importance which would tend to divert its attention from an objective of much greater significance, namely, that of an expanding and dynamic world economy.

11. As an example of the kind of benefits the world economy could derive from the economic development of the less developed countries if they exercised effective sovereignty over their natural resources, he said that the United States alone would gain an increase of 16 per cent in its exports each time the per capita income of other countries increased by 10 per cent and that, for every increase of \$1,000 million in United States exports, new jobs would be created for some 100,000 employees in the United States.

12. Most of the developing countries had already promulgated laws protecting the legitimate rights of foreign investors and upheld the principle, embodied in General Assembly resolution 1803 (XVII), that foreign investment agreements freely entered into by or between sovereign States should be observed in good faith. They fully realized the role that foreign capital could play in their development and had taken pains to ensure that it could be used in the best

possible way, with all the necessary guarantees and with provision for arbitration in the case of any disputes. Nevertheless, it should be made absolutely clear that the developing countries would never sacrifice the vital needs of their people and the imperative requirements of economic growth to the interests of foreign capitalists, particularly if they were inspired by outdated colonialist motives.

13. Those countries also realized that they must build up their economic infra-structures, expand their training facilities and mobilize more capital. In order to do so, they needed a bigger share in the administration and profits of companies exploiting their natural resources. Whenever private foreign investment had been designed to promote economic development, it had always been rewarded and its long-term interests safeguarded. On the contrary, when foreign capitalists had disregarded the interests of the developing countries for their own selfish motives, violence and discord had ensued.

14. He hoped therefore that the intentions of the sponsors of the draft resolution were now clear and that the developed countries understood how they could help the developing ones to exercise permanent sovereignty over their natural resources and particularly to market and utilize them. Such an understanding should lead to a new phase in relations between rich and poor countries and for that reason he hoped that the draft resolution would be adopted unanimously.

15. Mr. IGWE (Nigeria) felt that the Committee should agree that all sovereign States were naturally entitled to unqualified ownership of their natural resources; that the sovereign right of every State to dispose of its natural resources must be respected; that States had the inalienable right to dispose of their natural resources so as to promote their economic development and secure their economic independence; that a measure of international co-operation was necessary for the exploitation of such resources; and that all States had the right to modify existing agreements relating to the exploitation of their natural resources. If those principles were generally acceptable, there should be little difficulty in adopting the draft resolution.

16. His delegation was inclined to support the present text since it was a considerably milder version of that submitted at the twentieth session.^{1/} Although there might be some disagreement over the choice of words, the provisions as a whole appeared acceptable. The preambular paragraphs embodied the ultimate aims of the developing countries and not a programme for immediate implementation. The operative paragraphs set forth the measures which could be adopted to safeguard the permanent sovereignty of developing countries in such a way as to promote their economic development and independence. Much would depend on the spirit in which the separate paragraphs were read. They recommended general measures; the actual test would come when the developing countries entered into bilateral agreements with foreign investors. His delegation welcomed the final operative

^{1/} See Official Records of the General Assembly, Twentieth Session, Annexes, agenda item 45, document A/6196, para. 8.

paragraph and was ready to consider amendments provided they did not deviate from the body of principles which he had enumerated.

17. The Government of Nigeria had always regarded the exploitation of natural resources as a joint venture in which the interests of foreign investors and those of the recipient countries were harmonized. Consistent with that policy, Nigeria had recently become a party to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States under the auspices of the International Bank for Reconstruction and Development.

18. Mr. FRANZI (Italy) said that the difficulties which the Committee had experienced in dealing with the present subject had arisen because certain delegations had erroneously insisted on proclaiming the right to sovereignty without realizing that the legal formulation of such a right was a limiting factor and that the right in question was different from other state rights. Those delegations had given the debate a legal connotation which was out of place in the Second Committee. The use of the word "permanent" in the title of the item was also misleading: what the sponsors of the draft were really interested in was "effective" sovereignty over natural resources, for the representative of Argentina (1037th meeting) had already made it clear that sovereignty must always be permanent and that natural resources must always remain in the control of the State as long as it existed. All members of the Committee supported that view and none had shown any intention of modifying the principle in question. The Committee must consider that principle in its proper economic context.

19. The right of sovereignty over natural resources was similar to a farmer's right of ownership over his property and his right to choose the best system of developing it. In order to exercise that right of choice effectively he must be able to obtain the necessary means of cultivating his land. That meant he must have recourse to the credits that were essential for the purchase of agricultural machinery. If such credits were not forthcoming his right of choice would be diminished. In that light, therefore, the problem was not one of legal formulation but one of economic co-operation.

20. The sponsors of the draft resolution had placed the problem in its economic perspective and had rightly stressed that training, access to modern technology and more capital aid were the essential ingredients of effective sovereignty over natural resources. The problem was extremely complex and his delegation agreed in principle that the study outlined in operative paragraph 9 would be useful. While his delegation might have certain changes to suggest in the wording of that paragraph, it recognized that co-ordination in the field of natural resources was essential. His delegation hoped that informal contacts between delegations could also improve the wording of other paragraphs and thus result in a text that could be adopted unanimously.

21. Sir Edward WARNER (United Kingdom) said that it was the Committee's duty to achieve a balance between respect for sovereignty on the one hand, and the rapid and efficient development of untapped natural resources throughout the world, on the other. It was

important that in reaffirming the former, nothing should be done to undermine the latter, and that doctrinaire absolutes should be avoided.

22. Whatever the advantages or disadvantages of private capital investment, most developing countries were anxious to obtain all the capital they could, from whatever source; indeed, quite a number of developing countries had investment codes expressly designed to attract such investment. Therefore, nothing should be done to shatter the confidence of those who were in the fortunate position of foregoing consumption in their own countries in order to invest in the development of natural resources overseas.

23. There was much in the draft resolution which should prove acceptable to all. For example, it was appropriate that it should encourage and endorse the policy, followed by many enlightened firms investing abroad, of training local personnel in special skills and know-how, and ensuring that the nationals of developing countries had a progressive share in the administration of their concerns. In that connexion, reference might be made in preambular paragraph five to recommendation A.IV.12 of the United Nations Conference on Trade and Development.^{2/} Unfortunately, the sixth preambular paragraph as well as operative paragraphs 3 and 4 of the draft resolution were quite inconsistent with that recommendation, which had received the support of ninety-three Governments. The United Kingdom delegation therefore questioned the wisdom of retaining such ideological elements, which appeared to provide for the progressive expropriation of private foreign investment, regardless of the pioneering risks which it might have borne. Investment in natural resources was risky and many enterprises lost a great deal of money. In many cases, private investment was not only the most appropriate, but also the only available source of capital for the purpose. It was therefore to be hoped that a text could be prepared which reflected the need for the risks and benefits involved to be shared equitably between Governments and investors, while ensuring respect for sovereignty and independence, both political and economic.

24. Mr. LOUYA (Democratic Republic of the Congo) said that the present item was of vital importance for ensuring the economic progress and independence of the developing countries. The prices of the primary commodities exported by the developing countries were constantly declining while those of manufactured goods were rising. Those countries could only increase their rates of economic growth by obtaining higher prices for their primary commodities so as to buy the capital goods they required. It had been suggested that the problem might be solved by a general commodity agreement, but his delegation was somewhat sceptical of such an arrangement mainly because of the financial links which existed between the companies exporting raw materials in the developing countries and those which transformed them into manufactured goods in the developed countries. In order to end such collusion, the right of permanent sovereignty of all countries over their natural resources must be

^{2/} See *Proceedings of the United Nations Conference on Trade and Development*, vol. I: *Final Act and Report* (United Nations publication, Sales No.: 64.II.B.11).

recognized and guaranteed. His delegation therefore supported operative paragraphs 1, 2 and 3 of the draft resolution.

25. It was easy to recognize a right, but difficult to ensure its exercise. For example, when the independent Government of the Democratic Republic of the Congo had taken over all the property, forestry and mining rights of private firms and individuals, some countries had objected and certain commercial circles had organized a campaign to overthrow the Government. In order to prevent such interference in the domestic affairs of States, his delegation proposed that additional words should be inserted at the end of operative paragraph 4 making it clear that the countries of origin of foreign investors must refrain from and prevent any action that could interfere with the exercise of the right of permanent sovereignty over natural resources.

26. Mr. BOIKO (Ukrainian Soviet Socialist Republic) said that permanent sovereignty over natural resources was directly linked with the elimination of the economic effects of colonialism and the establishment of genuine economic independence. Former colonial countries and dependent territories were engaged in a new struggle to consolidate their political independence by over-all economic development and raising their standards of living. Permanent sovereignty over their natural resources lay at the root of their economic development in general and the implementation of industrialization policies in particular.

27. There was no lack of natural resources in the developing countries, but many of them lacked adequate means to exploit them in their own interests. They often had to resort to foreign capital, which was used to reap high profits and infringe their sovereignty. Such neo-colonialist interference hindered the social progress of many young States. There was therefore an urgent need to secure and consolidate the inalienable right of all countries to permanent sovereignty over their natural resources. Following the initiative taken by the developing countries and actively supported by the socialist countries, that right had been reaffirmed many times by the General Assembly and other United Nations bodies. It had been upheld in General Assembly resolutions 626 (VII), 1514 (XV) and 1803 (XVII), and it was significant that the Third Committee had very recently added a new article to the draft Covenant on Economic, Social and Cultural Rights, providing that nothing in the Covenant should be interpreted as impairing the inherent right of all peoples to enjoy and utilize fully and freely their natural wealth and resources.

28. The developing countries had brought the matter before the General Assembly again because of the need to go beyond mere reaffirmation and to take specific measures to establish and consolidate their sovereignty. That need was reflected in the draft resolution, which the Ukrainian SSR fully supported. The establishment of permanent sovereignty over natural resources would be of great economic significance. The developing countries would have adequate resources of their own to ensure maximum capital investment in their economies, and their terms of trade would improve. Furthermore, they would no longer be dependent

on outside assistance and would become equal partners in the international exchange of goods, services, technical skills and industrial experience. They would finally have full control over the factors of economic development.

29. A number of specific measures were necessary to achieve the objectives referred to in operative paragraph 3 of the draft resolution. Developing countries should be given a greater share in the administration, advantages and profits derived from the exploitation of their natural resources by foreign investors, who should also undertake the training of national cadres. They should also be given technical assistance in developing their economic infra-structures. Both national and international organizations had an important role to play in establishing and protecting national sovereignty over economic resources.

30. All those elements were reflected in the draft resolution, the adoption of which could give a new impetus to United Nations efforts to assist the economic development of the developing countries, and the Ukrainian delegation therefore hoped that it would be adopted unanimously.

31. Mr. ROOSEVELT (United States of America) said that it should be possible to resolve the differences regarding permanent sovereignty over natural resources by negotiations on the draft resolution which contained important changes from that proposed last year. He approved the four-Power amendment (A/C.2/L.871).

32. The overwhelming majority of developing countries accepted the view that sovereignty implied freedom of choice to determine for themselves the manner in which natural resources should be exploited and marketed. However, because of their lack of capital and trained personnel, they maintained they were not in a position meaningfully to exercise that freedom of choice, and necessarily had to accept terms satisfactory to those from whom they could receive public or private assistance. The reforms of the New Deal in the United States had been designed to cope with that same difference between freedom of choice as a legal right and freedom of choice in actual fact, and his country viewed the situation of the developing countries with sympathy. During the New Deal, it was commonplace to say that the freedom to starve was not real freedom—or in the words of the old English adage, "beggars cannot be choosers". It was right that the Committee's objective should be to establish conditions which would enable countries freely to choose the manner in which their resources should be exploited and marketed.

33. The United States delegation found difficulty in accepting the words "by themselves" in the last preambular paragraph and operative paragraph 3 of the draft resolution. The aim of the draft resolution must surely be to achieve international co-operation, rather than economic isolationism and autarky. In addition, unless those who administered public or private assistance were convinced that autarky was not the aim of the developing countries, there would inevitably be a tendency for the sources of such capital to dry up. The debates in the United States Congress concerning the Foreign Aid Bill were a good case in point: the question of the rights accorded

by developing countries to private investors within their territories had frequently been raised, and if the Congress were to become convinced that host Governments intended to diminish those rights so that they could exploit and market their resources wholly "by themselves", its disapproval would find vigorous expression in the quantity and terms of aid provided. That did not mean, of course, that arrangements already in force were not subject to revision if the original terms were unfair, and discussions regarding such revision did indeed take place both in Congress and at meetings of potential private investors in the United States.

34. A similar problem existed with regard to operative paragraph 4. Everyone could agree that nationals of the developing countries should have an increasing share in the administration of undertakings within their territory and an equitable share of the profits deriving from the exploitation of their natural resources. There were, however, grave doubts as to the propriety of stating that those countries had a right to an increasing share in such profits. Those doubts were based on two considerations. First, the

share of profits accruing to developing countries must be determined by negotiation, and it was hardly right for the United Nations to place itself on one side of the bargaining table. Secondly, there must be a point at which the share of the entrepreneur became so small and the share of the developing country so large that investment was discouraged, a situation which would surely not be in the interest of the developing countries.

35. Because of those doubts, the United States delegation had submitted a number of amendments (A/C.2/L.873) in the hope that a generally acceptable text could be reached.

36. Mr. ELM (Iran) said that the adage "beggars could not be choosers" could not be applied to the developing countries' claim to permanent sovereignty over their natural resources. Far from begging for anything, they merely wanted a fair deal comparable to the New Deal in the United States, the aim of which had not been to take from the rich to give to the poor, but to make everybody rich by the fair distribution of wealth.

The meeting rose at 12.50 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1051st
MEETING

Monday, 31 October 1966,
at 3.5 p.m.

NEW YORK

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Agenda item 45:

Permanent sovereignty over natural resources
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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 45

Permanent sovereignty over natural resources (continued) (A/5803, chap. III, sect. V; A/6430, E/3840, A/C.2/L.870 and Corr.1, A/C.2/L.871, A/C.2/L.873, A/C.2/L.874)

1. Mr. SIDASH (Byelorussian Soviet Socialist Republic) said that sovereignty over natural resources was a matter of vital importance to all countries and peoples. Recognition of that sovereignty was inseparable from that of the right of peoples to self-determination. At the present time, the matter was of concern primarily to the developing countries which were endeavouring to develop their economies, increase their national incomes and consolidate their economic independence. In their fight for economic independence, they were encountering many difficulties arising from the activities of international monopolies and colonialist practices. The after-effects of colonialism and the international division of labour which it had created were hindering the efforts of the developing countries to eliminate what was unilateral in their economies and to develop their natural resources rationally in their own interests. Hence the strengthening of sovereignty over natural resources was indissolubly linked to obliterating the economic heritage of colonialism.

2. He recalled, in that connexion, General Principle Fourteen of the United Nations Conference on Trade and Development^{1/} and noted that, by systematically continuing to violate such sovereignty, foreign private investors were persisting in a practice dating back to the age of colonial rule. Thus, the study of the implications of the activities of the mining industry and of the other international companies having interests in South West Africa^{2/} had led to the conclusion that foreign companies operating in South West Africa were not seeking to create even the beginnings of a balanced economy in that Territory. They were concerned above all with making profits

^{1/} See *Proceedings of the United Nations Conference on Trade and Development*, vol. I: *Final Act and Report* (United Nations publication, Sales No.: 64.II.B.11).

^{2/} *Official Records of the General Assembly, Nineteenth Session, Annexes*, annex No. 15, document A/5840.

and, as they were owned or managed by foreigners, their profits were exported and not re-invested in the Territory. The study showed that their aims were incompatible with respect for the permanent sovereignty of nations over their natural resources and with Article 73 of the United Nations Charter.

3. Many developing countries had not yet succeeded in breaking the grossly one-sided contracts and agreements which had been trust upon them. Their immense natural resources were swelling the coffers of foreign investors instead of serving to accelerate their own economic growth. It was impossible to make the best use of their wealth when foreign investors arbitrarily fixed prices and the volume of production, when they violated local fiscal legislation, did not help in training national technical cadres, and deprived the developing countries of the resources necessary for financing their economic programmes. Such actions were inconsistent with General Assembly resolution 1710 (XVI).

4. The developing countries were entitled to exploit their own natural resources, establish and develop modern branches of industry, carry out radical land reform, control the activities of foreign investors, abolish the discriminatory measures used by foreign capital towards national capital, promulgate progressive fiscal legislation and revise agreements which jeopardized the rights of the government in the economic field. Those prerogatives were based on the principle of the equality of rights of peoples and the principle of permanent sovereignty over natural resources. That was why the measures adopted by the developing countries to end the stranglehold of foreign monopolies and to recover the natural wealth of which they had been dispossessed were fully justified both legally and economically.

5. Nevertheless, in implementing such measures, those countries were encountering stubborn opposition from the colonialists and the international monopolies which did not hesitate to use armed intervention to force them to renounce their sovereign economic rights, and in particular their sovereignty over their natural resources, the foundation of their economic development. Article 1 (2) of the draft Covenant on Economic, Social and Cultural Rights (A/C.3/L.1414 and Corr.1), adopted by the Third Committee, provided that:

"The peoples may...freely dispose of their natural wealth and resources without prejudice to any obligations arising out of international economic co-operation, based upon the principle of mutual benefit, and international law. In no case may a people be deprived of its own means of subsistence."

The United Nations was endeavouring to implement that Covenant and to ensure that it was ratified by all States. The General Assembly, at its twenty-second session, must formulate recommendations concerning the measures to be taken to guarantee respect for permanent sovereignty over natural resources.

6. The Byelorussian delegation supported the eleven-Power draft resolution (A/C.2/L.870 and Corr.1) and thought that, at the present time, the United Nations should concentrate on measures aimed at limiting foreign interference in the exercise of sovereignty over natural resources.

7. Mr. KARIM (Afghanistan) said that there was no need to comment at length on the amendment which he was introducing on behalf of Ceylon, Ghana and Libya (A/C.2/L.871). The pace of domestic capital formation in the developing countries was still very slow, and that could only seriously hinder their economic growth. Hence, the United Nations must encourage the flow of foreign capital, which was still inadequate, to the countries of the Third World. Admittedly, foreign capital should only be invested with the consent of the countries concerned and in accordance with the draft resolution. The proposed amendment would make the draft resolution a better reflection of the present situation. His delegation would be happy to join the sponsors of the draft resolution if they accepted that amendment.

8. Mr. WILMOT (Ghana) said that his delegation endorsed the basic ideas contained in the draft resolution and considered that the exercise of permanent sovereignty over natural resources, or in other words the enjoyment by any people of the right and freedom to enjoy to the utmost the economic benefits derived from the natural resources of its territory, was, for the developing countries, a prerequisite for the acceleration of their economic growth and the consolidation of their political independence. It was not merely a matter of ensuring theoretical recognition by the international community of each State's sovereignty over its own territory and consequently over the natural resources to be found there. If the developing countries were poor, it was not because they lacked natural resources, but because they had been unilaterally exploited during the colonial period by foreign interests and because the situation, from which Africa in particular had suffered, had hardly changed since those countries had become independent.

9. It was an indisputable fact that the developing countries possessed abundant natural resources. For instance, Africa had iron reserves twice as great as those of the United States, coal reserves sufficient to last for 300 years, a hydro-electric power potential equivalent to 42 per cent of the world total, 63 per cent of the world's coal production, large quantities of uranium, copper, titanium, oil and other raw materials indispensable for the economic might of many industrialized countries. It also had a vast agricultural potential and the Congo basin alone could produce enough food crops to satisfy the need of almost half the world's population.

10. Despite all that, its per capita income, ranging from \$80 to \$250, was among the lowest in the world, as against the per capita income of \$1,320 for Western Europe and \$3,272 for the United States of America.

It was true that a large proportion of the natural resources of Africa were still untapped, but the resources that had been tapped had been mainly for the profit of foreigners. For example, between 1945 and 1955, foreign firms had exported from the Congo alone raw materials valued at \$2,773,000,000,000 and between 1945 and 1951 foreign mining companies in South Africa had drawn a profit of \$814,000 million from gold mining.

11. Unfortunately, there were still some countries where, since the attainment of independence, more than one third and sometimes even as much as a half of the gross national product went to foreign firms or to resident expatriates who owned plantations and mines, either because the pattern set during the colonial era had been maintained after independence because of the weak position of the country or because the introduction of new techniques had accelerated the output of the metal industries, strengthening the old trend still further.

12. While the Ghanaian delegation endorsed the draft resolution, whose objective was to recommend a course of action designed to redress that situation, it felt that care should be taken not to move from one extreme to another, in a kind of "mental absolutism" whereby the excesses of one economic system were regarded as the epitome of vice and the successes of another as the paradigm of virtue. The remedy for the excesses of foreign exploitation of the natural resources of the developing countries was not to be found in the elimination of foreign participation, whether public or private, but in seeking a rearrangement or improvement of the basis of the operations in such a way as to secure for the developing countries the utmost possible benefit. Certain ventures required joint participation, if only because of the risks they entailed, and decisions on such projects could be taken only on the basis of practical considerations.

13. At the present time, the developing countries urgently needed foreign investment, as was clear from part I of the *World Economic Survey, 1965*.^{3/} It was for that reason that his delegation had co-sponsored the amendment appearing in document A/C.2/L.871, which was designed to give some balance to the draft resolution. The task of the Committee was to recommend guidelines which would make it possible to establish equitable and remunerative economic relations between the developing countries and foreign investors.

14. That was indeed one of the cardinal principles underlying the economic policy of the new Government of Ghana, which was based on a constructive partnership between the public and the private sectors with the objective of raising the standard of living of the people through an accelerated rate of economic development. The new Government had rejected any purely ideological or theoretical considerations in economic matters and considered each opportunity for private investment on its own merits, participating in it where necessary. Ghana offered one of the most concentrated markets in Africa for private capital which desires to invest in industry. The new Government was taking steps to normalize its relations and

^{3/} United Nations publication, Sales No.: 66.II.C.1.

increase its trade with its neighbours and to systematize economic co-operation among the countries of West Africa, where investors could market their products. They would also find a skilled labour force in Ghana and the necessary public services. Not only was the Capital Investment Act still in force but the machinery for its implementation had been streamlined by the new Government, which was prepared to give the benefit of it to all investment projects that were calculated to increase national income, employment and foreign exchange receipts. Furthermore, Ghana had recently acceded to the new Convention on the Settlement of Investment Disputes between States and Nationals of Other States, of the International Bank for Reconstruction and Development. It offered investors fair treatment in accordance with the laws and the facts of its economic situation and, in exchange, it expected a fair return to the country, to the owners of the natural resources and to the workers who helped in producing the wealth.

15. The Volta River project was a good example of co-operation between a sovereign Government and foreign investors for the exploitation of water resources and bauxite. The Volta Dam, which had been officially opened earlier in 1966, had already increased Ghana's electrical capacity by nearly 500 per cent, accelerating industrial and agricultural development, and had made large supplies of water available to large segments of the population. Ghana had itself financed 51 per cent of the costs of construction, the remaining 49 per cent having been provided by international loans from the International Bank, the Agency for International Development and the Export-Import Bank, as also by the United Kingdom Board of Trade. The Volta Aluminium Company, backed by a consortium of United States private corporations, would by 1967 be producing aluminium ingots for export and would buy annually some 300,000 kilowatts of the electricity generated by the Volta project. Examples of such mutually advantageous partnerships were to be found in some other developing countries and it was possible to establish them in all developing countries.

16. It was with that in mind that the Ghanaian delegation agreed with the operative part of the draft resolution. The United Nations and its various agencies should offer the maximum assistance in efforts to redress any imbalances in the exploitation of the natural resources of the developing countries, securing for them an equitable share in the administration and profits of such exploitation, training national personnel at all levels and in all fields connected with such exploitation, and ensuring them all the appropriate social benefits. Encouragement should also be given to marketing organizations set up by the developing countries for the marketing of their natural resources, thereby safeguarding their sovereignty, and any assistance in that matter, as also in the matter of technical knowledge and capital goods, was welcome. Efforts should also be made to link the exploitation of natural resources as far as possible to the industrial development of the countries themselves; at present the bulk of the natural resources were exported in their primary state and went to feed the industries of the developed countries. For example, Africa had provided the United Kingdom with 91 per cent of the antimony, 82 per cent of the cobalt, 80 per cent of the manganese, 66 per cent of the asbestos and 50 per cent of the chrome ore used in its industries; it had provided France with 100 per cent of phosphates, 85 per cent of the lead, 51 per cent of the zinc ore and 32 per cent of the cotton used in its industries; and Germany with 71 per cent of the phosphorites and 20 per cent of the manganese ore used in its industries. Yet in scarcely any of the new African countries was there a single industry based on any one of those resources.

17. He hoped that the sponsors of the draft resolution would accept any amendments designed to encourage the establishment of mutually profitable relations between developing countries and foreign investors. He proposed that an informal working group should be set up to endeavour to reach agreement on the amendments and, if necessary, to continue its efforts while the Committee moved on to the next item on its agenda.

The meeting rose at 3.55 p.m.

United Nations
GENERAL
ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1052nd
MEETING

Tuesday, 1 November 1966,
at 10.35 a.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 45

Permanent sovereignty over natural resources (continued) (A/5803, chap. III, sect. V; A/6430, E/3840, A/C.2/L.870 and Corr.1 and Add.1, A/C.2/L.871, A/C.2/L.873, A/C.2/L.874)

1. Mr. FILALI (Morocco) said that the draft resolution before the Committee (A/C.2/L.870 and Corr.1) reflected the desire of many developing countries to consolidate their political independence by exercising their right to enjoy the benefits deriving from the exploitation of their natural resources. Now that the era of colonial domination was almost at an end, action should be taken to ensure the full exercise of that right, which had been reaffirmed in many resolutions of United Nations organs, through international co-operation, both public and private.

2. His country was fully aware of the need for foreign investment, which was guaranteed in Morocco by a flexible, liberal and unambiguous code. The fear expressed by some developed countries that the draft resolution might discourage foreign investment in the developing countries was not founded, since the draft resolution recognized the need for public and private capital and technical assistance to the developing countries, and indeed called for such assistance from the developed countries. His delegation, which hoped that the draft resolution would gain unanimous approval, wished to be added to the list of sponsors.

3. Mr. VILFAN (Yugoslavia) observed that a number of divergent views had emerged during the debate, and agreement could only be reached if certain misunderstandings were cleared up.

4. While fully sharing the view that the Committee should not concern itself with legal definitions, his delegation saw no harm in reaffirming a principle already established in a number of General Assembly resolutions.

5. As the United States representative had pointed out (1050th meeting), many developing countries were not in a position fully to exercise their right of permanent sovereignty over their natural resources, and had to accept the terms of the providers of foreign capital. The draft resolution sought to alter that unfair situa-

tion, which had been inherited from the colonial era, by improving the terms on which natural resources in the developing countries were exploited and marketed, and by setting standards for new arrangements in the future. It was therefore quite appropriate to recognize the right of the developing countries to increase their share in the administration advantages and profits derived from the exploitation of their natural resources when it was carried out fully or partly by foreign capital. The sponsors did not want the United Nations to have a seat at the bargaining table, but sought rather to establish guidelines and a code of behaviour more in harmony with the general trend of international economic co-operation.

6. The United States representative had also suggested that certain provisions might discourage foreign capital investment. However, the expression of similar fears over the past twenty years had not prevented the inflow of foreign investment. Economic isolation was certainly not to be encouraged, but the developing countries must be assured that the international community would defend their independence.

7. The draft resolution went beyond a mere statement of the principles which should underlie permanent sovereignty. It also indicated that the present situation, which resulted from the colonial domination of the past, was not in the interests of the developing countries, and provided for specific measures to enable the developing countries to exercise genuine freedom of choice. The United States representative, on the other hand, while admitting that developing countries were often unable to exercise their right to permanent sovereignty was not consistent enough to accept the measures to change the situation.

Mr. Boiko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

8. Mr. ENDREFFY (Hungary) said that permanent sovereignty over natural resources was crucial to the economic independence of developing countries. The Hungarian delegation supported the draft resolution, which went some way towards eliminating the controversy which had prevailed at previous sessions.

9. Many developing countries did not have adequate material and human resources fully to exploit and market their natural resources, and therefore had to rely on foreign co-operation. Thus, they derived only indirect benefits and often had to accept terms which would otherwise be inadmissible. It would therefore not be appropriate to amend the fifth and sixth preambular paragraphs to include a reference to "freedom of choice", since such freedom did not in fact exist. It would also be better to retain the wording of operative paragraph 4, since the majority of developing countries could only obtain an equitable share in the

administration, advantages and profits through an increase in their present participation, which was sometimes so small as to render their national sovereignty almost nominal.

10. The Hungarian delegation therefore hoped that the draft resolution, which expressed no hostility to private capital investment, would receive the unanimous support of the Committee.

11. Mr. NATORF (Poland) stated that the draft resolution did not contain any ideological elements opposed to private capital, as the United Kingdom representative had asserted at the 1050th meeting. The economic conditions which had prevailed at the time when Poland had nationalized its natural resources twenty years previously were very similar to those now prevailing in many developing countries. Following the destruction during the Second World War of a large proportion of Polish industry, much of which had formerly been in the hands of foreign capital, his Government had made a fresh start by establishing its legal sovereignty over its natural resources and its full control of their exploitation, both for domestic purposes and for export. Poland and the other sponsors had not been motivated by individual political considerations: permanent sovereignty over natural resources was a matter of key importance for economic development and affected all countries. Unfortunately, the United Nations had so far only reaffirmed the basic right of all countries to exercise their sovereignty.

12. He fully agreed with the United Kingdom representative that there was a link between respect for political sovereignty and economic development. The link was a direct one, and consolidation of political sovereignty must inevitably strengthen economic development; consequently, the furtherance of one could not prejudice the other.

13. There were two main aspects of permanent sovereignty. First, the present situation in the developing countries should be defined and, secondly, the measures which could be taken to ensure full exercise of the right of permanent sovereignty should be established. The United States representative had rightly perceived that many countries did not in fact exercise freedom of choice in the exploitation and marketing of their natural resources which was implicit in the concept of sovereignty. Unfortunately, however, he had failed to suggest practical measures for guaranteeing real freedom of choice.

14. The over-all effect of the amendments proposed by the United States in document A/C.2/L.873 was merely to affirm that the position of the developing countries would be substantially improved if they had freedom of choice. That conclusion, however, represented no advance on the principles contained in earlier Assembly resolutions. Moreover, one of the objects of the draft resolution was to establish the developing countries' right to autarky in the management of their natural resources, if they so desired, whereas the United States proposal to eliminate the words "by themselves" wherever they occurred, would detract from that right. As some of the provisions showed, the sponsors were not advocating autarky at the expense of international co-operation but merely

indicating the alternatives open to the developing countries.

15. The United States representative had remarked that increased participation by the developing countries in the management and profits of foreign concerns engaged in exploiting resources was a matter for negotiation between those concerns and the Governments of the countries involved. It was sufficient to consider the distribution of the profits of those concerns and the disparity in the standards of living of the investing and the host countries to realize that the effort to secure more equitable arrangements could not remain dependent on a bargaining process in which one party had the upper hand.

16. The United States representative had also implied that it would be improper for the United Nations to favour the attitude of one group of countries rather than that of another, or to intervene on either side. But it was the duty of the United Nations to strive to raise the standard of living of the poor countries and therefore to protect them from exploitation.

17. The sponsors had made a number of concessions to other delegations in order to make the text as generally acceptable as possible and they hoped that a similar spirit of compromise would be shown by those delegations which had opposed the draft resolutions on permanent sovereignty over natural resources in previous years.

18. Mr. ROOSEVELT (United States of America), speaking in exercise of the right of reply, said that he was anxious to correct the impression deriving from his statement of the previous day, that his country did not believe in freedom of choice. The basis of his delegation's position on permanent sovereignty was its belief that all countries should have unfettered freedom of choice with regard to methods of exploiting their natural resources.

19. The representative of Poland had said that the amendment proposed by his delegation would have the effect of making no provision in the draft resolution for developing countries' exploiting and marketing their own natural resources. That had not been his delegation's intention and he was prepared to reconsider the wording of the amendment in order to meet that objection. The final version of the draft resolution should, however, make it clear that autarky was not the specific goal of United Nations efforts in the matter.

20. All delegations were involved in the efforts of the United Nations to raise levels of living in the developing countries and it was incorrect to suggest that the United States draft amendments ran counter to those efforts. When he had referred in his previous statement to the inadvisability of United Nations intervention in negotiations on the exploitation of natural resources, his intention had been to point out that the United Nations had no power to bargain on specific points such as, for instance, the cost of raw materials, and was concerned purely with principles.

21. His delegation recognized the right of the developing countries to a fair and equitable share in the management of and profits from resources and was prepared to take part in consultations with a view to

finding a text for operative paragraph 4 which would indicate that their share should be compatible with their greater need.

Mr. Tell (Jordan) resumed the Chair.

22. Mr. MAKEEV (Union of Soviet Socialist Republics) said that permanent sovereignty over natural resources was a matter which affected the vital interests of all States, and particularly those of developing countries which were striving to overcome the consequences of colonialism, strengthen their economies and raise their levels of living. The legitimate claim of those countries to economic independence was being frustrated by foreign monopolies and by the perpetuation of the unfair agreements and trade practices of the colonial era.

23. A country's sovereignty over its natural resources was important for all aspects of economic progress: the balanced development of agriculture, for instance, was possible only if farm products were used primarily for the economic development of the producing country and not purely as raw materials for foreign industry. Imperialism had, however, left behind in many developing countries a heritage of agricultural and mining practices under which the production of raw materials was focused on exportation, and until those practices ceased, the countries concerned would be unable to use their own resources to the best advantage. The full impact of monopolistic foreign control was still being felt in areas which had not yet achieved independence, such as South West Africa and the Territories under Portuguese administration. In fact, as the report of sub-committee I of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples^{1/} showed, virtually all agriculture and processing of farm products in those territories was controlled by non-African interests, with the result that Africans had only an insignificant share in the wealth derived from their natural resources and the fruit of their own toil.

24. The situation of the developing countries with regard to sovereign rights over their natural resources had shown little improvement in recent years, except in the case of those countries which had taken measures to place the responsibility for exporting and marketing their products in the hands of state concerns and to reform their agricultural structure. Some imperialist States opposed any attempt by the developing countries to exercise their sovereign rights. It was accordingly the duty of the United Nations to ensure that those countries enjoyed the full and free use of their natural resources for their national development; the draft resolution provided for such measures and his delegation would accordingly support it.

25. The amendment submitted by the Democratic Republic of the Congo (A/C.2/L.874) would strengthen the draft resolution and his delegation hoped that the sponsors would include it in their final text. The amendments proposed by the United States delegation, on the other hand, although expressing a more flexible

attitude than that taken by the United States in previous sessions, were clearly aimed at defending the interests of the foreign monopolies already operating in developing countries and would, if accepted as they stood, radically change the content and emphasis of the draft resolution.

26. The United States delegation sought to delete any reference to the exploitation and marketing of natural resources by the developing countries themselves. It had talked at length about freedom of choice. But what freedom of choice would the developing countries have if they continued to be exploited by foreign monopolies? The United States refused to admit that the basic aim of the draft resolution was to strengthen the economic independence and sovereignty of the developing countries. It had tried to argue that those countries were seeking autarky, which was quite untrue. The United States threatened to cut off its aid to the developing countries if they sought to exploit their own natural resources. Such pressure was both inadmissible and out of place in a discussion of permanent sovereignty over natural resources.

27. The position adopted by the United States delegation on operative paragraph 4 was highly significant. It was unwilling to agree that the developing countries should increase their share in the administration, advantages and profits derived from the exploitation of their natural resources. It wanted to speak merely of "an equitable share" in such advantages. But who was going to define that concept in practice? What would happen if foreign companies refused to grant the developing countries an equitable share of their profits? The United States amendments ran counter to the whole principle of permanent sovereignty and would have extremely dangerous consequences. The developing countries must have the right to draw up legislation governing the activities of foreign companies to place them firmly under their control. While the United States was taking the side of foreign monopolies, the United Nations must defend the interests of the developing countries. If the United States was really in sympathy with the desires of the developing countries, it would withdraw its amendments.

28. The four-Power amendment (A/C.2/L.871) also had certain shortcomings. It did not reflect the actual situation, because in many countries private foreign capital played no role at all. Certain countries controlled the activities of foreign investors and set up national enterprises to exploit their own natural resources. He hoped therefore that the sponsors of that amendment would be able to frame it in such a way that it could be accepted as a general principle governing all countries and all circumstances. Nor was the amendment in accord with the basic aim of the draft resolution. It should therefore make it clear that the activities of private investors should be entirely under the control of the Governments of the developing countries and compatible with the interests of their national development.

29. Mr. NICULESCU (Romania) said that the primary objective of all countries striving for economic and social advancement was to obtain sovereignty over their own natural resources and to utilize them as part of their development process. Romania, whose

^{1/} Document A/AC.109/L.334.

economic development during the last twenty years had been based on the exploitation of its own wealth, attached especial importance to the role of the United Nations in strengthening the sovereignty of States over their own resources. As early as 1957, Romania had proposed that one of the principles of a declaration on international economic co-operation should be the sovereign right of each country to dispose of its own natural resources.^{2/} That principle had also been vigorously reaffirmed at the United Nations Conference on Trade and Development.

30. Accelerated industrial development was essential for all countries and particularly for the developing ones. Industrialization programmes must be based on detailed knowledge of natural wealth. In order to draw up an inventory of such wealth in accordance with the requirements of accelerated industrial development, the developing countries must assert their sovereignty over their national resources and overcome the economic, political and legal obstacles that stood in their way.

31. In Romania, for example, such activities were closely co-ordinated with development plans; there was a permanent correlation between the research undertaken and the short-term and long-term requirements of economic development. In that spirit, his delegation supported the draft resolution because it established a close link between permanent sovereignty over natural resources and their utilization as part of national development plans. It also welcomed the emphasis placed in operative paragraph 9 on the need for co-ordination.

32. Mr. DJOUDI (Algeria) said that the draft resolution, of which Algeria was a sponsor, responded to the need for the United Nations to play an increasing role in upholding the principle of permanent sovereignty over natural resources. In doing so, the United Nations must not put forward one particular point of view but must try to formulate the guiding principles that should benefit all States in accordance with the United Nations Charter. Such considerations had motivated the sponsors in submitting the draft resolution.

33. The developing countries could not properly exercise their sovereignty over their natural resources unless they participated at every stage in the process whereby those resources were exploited on their own soil. It was quite wrong to accuse them of seeking economic autarky; they had neither the intention nor the means of doing so. All they wanted was to enjoy the effective exercise of their national sovereignty and to give a real meaning to co-operation between States. Algeria had achieved such co-operation in its relations with France, the Soviet Union and the United States and had drawn up an investment code which gave every consideration to the legitimate rights of foreign investors.

34. Clearly, no one in the Committee sought to question the principle of permanent sovereignty, and the draft resolution had taken full account of the misgivings expressed on certain points. The real aim of the sponsors—to strengthen the economic independence

of the developing countries—could not be achieved without international co-operation. His delegation was prepared to accept the amendment in document A/C.2/L.871 provided it was balanced by the addition of a paragraph drafted on the following lines:

"Taking into account the efforts of the Governments of the developing countries to encourage the influx of foreign capital by defining the role, place, modalities and legitimate guarantees of such capital within the framework of their economic development".

35. It was also prepared to accept the amendments submitted by the Democratic Republic of the Congo and to discuss further the United States amendments.

36. Mr. GAILANI (Iraq) said that his country, as a sponsor of the draft resolution, considered it important for all countries to adhere to the principles set forth in General Assembly resolution 1803 (XVII). In order to preserve their economic independence, the developing countries must themselves exploit their natural resources. In the final analysis, industrialization depended on the intellectual and physical efforts put forward by countries to exploit their natural resources.

37. Before 1961, concessions to four foreign oil companies extended over its entire territory and Iraq had been unable to explore any of its untapped oil possibilities. However, under the terms of Act 80, promulgated in 1961, areas which were not already being developed by the oil companies were defined for exploration and eventual exploitation by the Government. Production of oil based on that arrangement continued to show a marked increase year after year. The Government had also established the National Oil Company which welcomed any kind of international co-operation, mutually beneficial to all interested Governments.

38. Another important question was the marketing of natural resources. The developing countries wanted a firmer control over the exports of their natural resources and the elimination of all tariff and non-tariff barriers. So far, little has been done by the developed countries to solve that problem. Fortunately, the Organization of Petroleum Exporting Countries had been able to maintain stable oil prices since it had started work in 1962.

39. It was generally understood that natural resources could not develop by themselves but only through the application of human knowledge. Although the developing countries had plenty of willing workers, they lacked skills, experience and equipment. Training must therefore become an integral part of national plans and be one of the first priorities of foreign investors operating in the developing countries. The United Nations family had done much to help the developing countries tackle that problem although much remained to be done, especially in the organization of seminars and fellowships for training purposes. The specialized agencies did not cover aspects of technology related to the use of natural resources and the Special Fund component of the United Nations Development Programme and the World Bank Group were not in a position to assist geological or geophysical reconnaissance operations. However, his delegation felt that the five-year plan recommended

^{2/} See Official Records of the General Assembly, Twelfth Session, Annexes, agenda item 12, document A/3740, para. 20.

by the Secretary-General^{3/} and the World Plan of Action proposed by the Advisory Committee on the Application of Science and Technology to Development^{4/} would make important contributions to fill that gap.

^{3/} See Official Records of the Economic and Social Council, Fortieth Session, Annexes, agenda item 7, document E/4132, chap. V, and ibid., Forty-first Session, Annexes, agenda item 11, document E/4186.

^{4/} See Official Records of the Economic and Social Council, Forty-first Session, Supplement No. 12, para. 22.

40. Finally, his delegation commended the draft resolution to the Committee in the hope that it would receive as much support as possible and in the firm belief that it would benefit not only the developing nations but the whole world.

The meeting rose at 12.55 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1053rd
MEETING

Tuesday, 1 November 1966,
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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 45

Permanent sovereignty over natural resources (*continued*) (A/5803, chap. III, sect. V; A/6430, E/3840, A/C.2/L.870 and Corr.1 and Add.1, A/C.2/L.871, A/C.2/L.873-876)

1. Mr. RAMAHOLIMIHASO (Madagascar) submitted, on behalf of the sponsors, an amendment (A/C.2/L.875) to operative paragraph 9 (a) of the draft resolution (A/C.2/L.870 and Corr.1 and Add.1).

2. Under the draft resolution, co-ordination at Secretariat level was based on the idea that the exploitation of natural resources was part of industrial development. In the opinion of his delegation, however, the exploitation of those resources was part of over-all economic development, of which industrial development was only one aspect. The activities of all organizations concerned with the harmonious exploitation of natural resources, both agricultural and non-agricultural, should therefore be co-ordinated by the Secretary-General.

3. Mr. SVENNEVIG (Norway) said that one could not expect the flow of public financial resources to increase fast enough to meet even the most essential needs of the developing countries. Consequently, transfers of private capital must continue to play an increasing and vital role. His country had developed its natural resources largely with the help of foreign capital, and was therefore inclined to consider the subject of permanent sovereignty over natural resources in the light of its own experience. His delegation did not, of course, think that Norwegian laws should be copied by others. It was for each country to decide, in the light of its own circumstances, to what degree foreign capital should be allowed to participate in the development of its resources. Those decisions would relate, *inter alia*, to the incentives to be offered to foreign investors and the tax policy to be adopted. The main lesson his country had drawn from its previous experience was that it was possible even for a small country to attract foreign capital and still be master of its own house.

4. Care should therefore be taken not to adopt a resolution which was so restrictive as to make public or private investors hesitate to invest their capital even in countries which had granted, or were prepared

to grant, preferential treatment to foreign capital or conditions that were more favourable than those provided for in the draft resolution. The resolution should contribute to the establishment of harmonious co-operation between the parties concerned. The wording of the draft before the Committee was largely consistent with that aim, but could still be improved upon. For instance, operative paragraph 4 seemed to imply that the countries concerned were entitled to a larger share in the administration and profits of foreign companies regardless of existing agreements, of international law and of the actual level of profit. It was necessary to take account of the diversified relationships which actually existed and which did not always leave room for a larger share of that kind.

5. The draft resolution contained many valuable principles regarding, for example, the training of personnel by foreign firms. Foreign capital could also help to mobilize domestic capital for the development of natural resources. That idea, which was expressed in the Charter of the Organization of American States, was also expressed indirectly by the amendment in document A/C.2/L.871.

6. The increasing supply of capital from multilateral sources reduced the danger of private foreign capital being invested on terms that might infringe the sovereignty of the countries concerned over their natural resources. The Convention on the Settlement of Investment Disputes between States and Nationals of Other States, of the International Bank for Reconstruction and Development, which had been ratified and signed by a great number of developed as well as developing countries, would also help to concord their interests better with those of foreign capital.

7. He concluded by endorsing the Ghanaian representative's proposal (1051st meeting) to adjourn the discussion for further consultations.

8. Mrs. KATIGBAK (Philippines) read out the draft amendment submitted by her delegation (A/C.2/L.876). Her delegation would like to keep the words "industrial development" in operative paragraph 9 (a).

9. Mr. MARTIN WITKOWSKI (France) stated that his delegation whole-heartedly supported the draft resolution. The text reflected the simple idea that, just as there was no real freedom for the individual without a minimum of economic independence, there was no real political freedom for nations unless they had real economic autonomy. It was unrealistic to advocate political liberalism and to hedge it round with economic restrictions and reservations. His country was not opposed in principle to foreign capital, which was playing a major part in the development of its economy and the exploitation of its resources, but it made sure that foreign investments were in keeping

with its general aims and subordinated to the need for ensuring as much autonomy for its economic policy as was desirable. It was therefore only logical and natural for it to expect the developing countries to hold similar views.

10. During the discussion, it had been pointed out that it might not be a good idea to affirm the principle of permanent sovereignty over natural resources too categorically or to draw the logical conclusions from that principle since affirmations of that kind might unnecessarily upset investors of private capital. While it was right to give that factor its full weight and to avoid any action or declaration that might slow down the necessary flow of private capital to the developing countries, it was also important to bear in mind that the Governments of those countries had to answer for their economic policy to a public which had often become sensitive to the problems of independence. It was on those Governments that the decisions of investors ultimately depended. His delegation was prepared to acknowledge each country's right to have the final say on the use made of its natural resources.

11. The text of the draft resolution struck a reasonable and realistic balance between the various tendencies, a balance which had been further improved by the sponsors' agreeing to include the amendment in the original document A/C.2/L.871. His delegation would be prepared, if necessary, to have the text made even more precise along those lines, on condition that any additions made were acceptable to the sponsors.

12. The draft resolution as a whole expressed the ideas that France was endeavouring to put into practice in its new relations with the developing countries. Recent agreements were evidence of that trend. Whenever it had an opportunity to do so, his country tried to win acceptance for association arrangements which would give the countries with which it was negotiating a direct interest in the rational and systematic exploitation of their natural resources for the general good of their own economy and that of his own country. Its aim was thus to bring about genuine joint management of the economic and technical assistance it was granting to those countries. Some provisions of the draft resolution before the Committee, particularly operative paragraphs 5 and 6, were worth singling out in that connexion. It was an interesting idea and one which offered new possibilities in the relations between foreign investors and recipient countries. The contracts, besides enabling the parties to share in the exploitation of resources, could usefully contain provisions whereby foreign investors would be more closely associated with the over-all economic development of the recipient countries, in connexion either with the training of specialized personnel or with the establishment of processing industries even if existing natural resources were insufficient, where the establishment of such industries seemed economically feasible.

13. Mr. FIGUEROA (Chile) pointed out that the fundamental principle of international law was that national sovereignty was one and indivisible. Consequently every State, as such, had a permanent right to utilize and develop its natural resources, to exploit

them and to market them, and could enact in that connexion whatever legislation it considered most appropriate for safeguarding its interests and maintaining control of its resources. His delegation therefore thought it preferable not to risk challenging the principle of the sovereignty of States by linking it with the entirely different problem of the way in which natural resources should be exploited, which was the real subject of the draft resolution.

14. Chile, which was well aware of the advantages and the disadvantages of the exploitation of natural resources by foreign investors, realized that such exploitation had not always been in the best interests of the countries in which the investments were made and had thus helped to retard the development of those countries. However, foreign investment in Chile had always been subject to domestic legislation, and the principal resources of the country were now exploited by mixed companies in which both the Chilean State and private foreign enterprises took part. Chilean legislation provided sweeping guarantees for foreign investors, whose interests it safeguarded as well as those of Chile.

15. The Chilean delegation supported amendment contained in document A/C.3/L.871, as well as the draft resolution, with the reservations which had just been entered. It welcomed the reference in the draft resolution to the importance of having the developing countries market their products themselves and to the need for having the foreign enterprises which exploited the resources to train national personnel. It felt that reference should also be made to the latter's right to receive the same pay for the same work as foreign personnel.

16. Since it believed that the sovereignty of States over their natural resources could in no circumstances be called in question, it proposed that, in the fifth preambular paragraph and operative paragraphs 7 and 8, the expression "permanent sovereignty" should be preceded by the words "the exercise of".

17. Finally, his delegation supported the Ghanaian representative's suggestion to set up an informal working group so that the sponsors of the draft resolution and of the amendments could try to work out a text which would muster the votes of at least the great majority of the Committee members.

18. Mr. CHAMMAS (Lebanon) said that a State's sovereignty, whether cultural, social or economic, was indivisible. In the economic sector, as in the others, sovereignty was inseparable from its exercise and only the forms of such exercise, which were a matter of national policy, could be the subject of debate—not the notion of sovereignty as such. Obviously, permanence was one of the essential attributes of sovereignty, whatever the agreement concluded or the nature of the capital invested. It did not relieve any country of the duty to carry out obligations freely entered into and to comply with the rules of international law. The draft resolution, which stressed the need to safeguard permanent sovereignty over natural resources, did not sufficiently emphasize the overriding importance of exercising that right. It was necessary to distinguish between the colonialist practices of the past, which had consisted in imposing

obligations on States incapable of exercising their sovereignty, and the present action of sovereign States which were free to invite foreign companies to exploit their natural resources or to develop them themselves.

19. The amendment proposed by the United States to the last preambular paragraph (A/C.2/L.873) seemed to raise a purely formal question in that regard, since the right of freely choosing the manner in which the natural resources of the developing countries should be exploited was synonymous with the exercise of sovereignty. Without submitting a formal amendment, the Lebanese delegation would prefer the paragraph to be worded as follows:

"Considering further that this aim can be better achieved if the developing countries are in a position to exercise fully their sovereignty over their natural resources and in particular to undertake the exploitation and marketing of those resources."

20. Although it was politically desirable that those countries should be in a position to exploit and market their resources, economically speaking many of them were not capable of doing so directly. The draft resolution, as well as the amendment contained in document A/C.6/L.871, which mentioned the cases where such exploitation was achieved in whole or in part with the aid of foreign capital, took account of an undeniable reality.

21. Mr. POLIT (Ecuador) pointed out that, although many items on the General Assembly's agenda were closely inter-linked, as were politics and economics in State affairs, the permanent sovereignty of States over their natural resources had obvious economic implications and was therefore undoubtedly within the purview of the Second Committee.

22. There was no justification whatsoever for the defensive attitude of some delegations, which seemed to see in any resolution pertaining to investment or sovereignty over natural resources a decision in favour of expropriation. It was simply a matter of recognizing that the twentieth century was the century of nationalism, which was nothing but the total expression of national sovereignty, and that the small States and those which had recently become independent were particularly jealous of their sovereignty, particularly in the economic sector, which dominated present-day international relations. Nationalism was today the most powerful and the most real force and it would be impossible, and indeed vain, to oppose it; on the contrary, it should be directed towards economic development and raising the living standards of all peoples. That was where control over natural resources came into play.

23. No one could deny that a country's natural resources belonged to it and that its Government could decide how they should be exploited, whether by its nationals or by foreigners. However, the smaller a country was, the less assured it felt of being able to exercise its sovereignty over its natural resources, and the more it needed to be given the assurance that it alone was entitled to set the terms on which it might modify some aspects of its sovereignty to further certain other objectives of national interest. National sovereignty was in any event a delicate instrument of internal policy and the representatives of any Govern-

ment must therefore exercise the greatest prudence in discussing it.

24. In those circumstances, the big countries would be mistaken to see in the draft resolution before the Committee provisions opening the door to the expropriation of the interests which they had in the developing countries; the latter only wanted unequivocal recognition of their sovereignty. In a world where nationalism was an intrinsic part of the peoples' life and where the revolutions which had taken place, and which would always take place, would try more and more to break the institutional links with the past, the sacred right of sovereignty had taken on an importance similar to that of religion some centuries earlier. If there was to be one world, and if the imbalance of wealth and prosperity between the various Member States was to be eliminated, all States must understand that situation and be prepared to give unconditional aid to those among them which needed and requested it. At the same time, there could be no genuine international co-operation unless limitations were placed on sovereignty and such limitations were very hard to determine.

25. While appreciating the conciliatory attitude of the United States representative, his delegation would like to replace the United States amendment to the last preambular paragraph of the draft resolution by an amendment whereby the following words would be added at the end of that paragraph: "each country, therefore, being best able to direct its economic policy in the light of its interests and legitimate aspirations". That amendment would render the United States amendment to operative paragraph 3 unnecessary. The Ecuadorian delegation, therefore, could not accept those two United States amendments, but it was prepared to accept the other two, relating to operative paragraphs 1 and 2. It considered further that the amendment which it had just proposed would make the amendment of the Democratic Republic of the Congo (A/C.2/L.874) unnecessary. It felt able to accept amendment A/C.2/L.871, but it felt that the amendments in documents A/C.2/L.875 and A/C.2/L.876 duplicated one another; it was therefore glad to know that negotiations were to be held between the sponsors of the draft and those of the various amendments with a view to preparing a common text.

26. Mr. KAUL (India) said that the principles set forth in General Assembly resolution 1803 (XVII) were still valid and should be reaffirmed. The sovereignty of peoples over their natural resources was an absolute and inalienable right which no historical or legal interpretation could alter and over which there was little controversy today. The same could not be said, however, of the exploitation of natural resources. The urgent need of the developing countries to utilize their resources as speedily as possible in order to industrialize and raise the living standards of their peoples was well expressed in the draft resolution and in draft amendment A/C.2/L.871 which were complementary. He hoped that the private discussions in progress would result in a draft resolution which would win the support of all the members of the Committee, or at least a very large majority.

27. As the methods of exploiting natural resources varied from country to country according to the par-

ticular circumstances of each, a pragmatic approach should be adopted to the problem, with a view to the fastest possible development. It was most desirable that every country should be able to exploit its natural resources through its own efforts. But where capital was short and the gap could not be filled through other forms of assistance, private capital had a role to play, provided that each country decided for itself, having regard to its own long-term interests, and thereby, exercising its sovereignty. There was no single formula to meet the needs of all developing countries: it was for the Government of each country to make a free choice after considering all the implications.

28. India, for its part, had found it useful to accept private capital aid, but that did not mean that India's experience was necessarily applicable to other countries. The international community had a duty to make it possible for the developing countries to receive aid also from an international fund, for example, the proposed United Nations capital development fund, as a safeguard against the occasionally exorbitant demands of private investors who were sometimes tempted to profit from the urgency of the developing countries' needs.

29. While the sovereignty of peoples over their natural resources could not be the subject of any compromise, India considered—and that was the basis of its own policy—that States should honour their contractual obligations to all parties, whether public or private, and make proper compensation, where necessary, for enterprises that might have to be nationalized for reasons of national security. It was desirable also that only short-term agreements should be entered into with foreign investors in order to avoid creating permanent vested interests and to ensure that such agreements would be periodically reviewed in the light of changing circumstances.

30. Mr. NEAL (Liberia) said that his delegation supported, as it had done previously, the principle of the permanent, inalienable, indivisible and absolute sovereignty of States over their natural resources and would therefore vote for the draft resolution. What needed emphasis was not the principle itself which was universally admitted, but rather economic sovereignty, which the developing countries had not yet won and which was quite a different matter. The differences in development between the developing countries and the advanced countries highlighted the existing gap between political and economic sovereignty. The draft resolution was part of the United Nations efforts to bridge the gap, but it did not contain all the elements necessary for attaining the desired goal. In Liberia's view, economic sovereignty meant not only freedom of choice but also the developing countries' right to derive maximum advantage from the exploitation of their natural resources, while showing respect for the principle of equity. If the draft resolution overlooked that principle, much of its value would be lost. Experience had shown that economic development was not possible in a closed economy, but it could be promoted by co-operation with private or public investors in joint enterprises. Nothing, however, should be done to undermine the

fundamental principle of the economic sovereignty of States.

31. His delegation was prepared to support the amendments submitted by the United States delegation, provided that the amendments to the last preambular paragraph and operative paragraph 3 were modified to cover a broader definition of economic sovereignty. He supported unreservedly the draft amendment in document A/C.2/L.871 which sought to make the draft resolution more balanced. He hoped that in the informal negotiations there would be no dilution of the principle that the developing countries must use to the full the advantages derived from exploiting their natural resources, even if a few drafting changes might have to be made in order to facilitate adoption of the draft resolution.

32. Mr. VARELA (Panama) said that, although believing that a democratic régime was best for the fruitful development of man's energy, his delegation had not hesitated to join with others of a different ideology in sponsoring a draft resolution setting forth principles which, in its view, were most important.

33. Some delegations had expressed the fear that the provisions of the draft resolution might provoke a flight of foreign capital. That fear was unjustified, for the sponsors had been careful to mention only the principle of permanent sovereignty, leaving aside the control of foreign investment which was strictly a matter for domestic legislation in each State. Foreign investors would be attracted only if the conditions laid down in such legislation offered sufficient inducements to attract their capital.

34. The United States amendment relating to the last preambular paragraph, was negative since it would be tantamount to setting a limit on the exercise of sovereignty. The amendment relating to operative paragraph 1, however, was acceptable to his delegation. Despite his desire to see the draft resolution adopted unanimously, he could not accept the United States amendment relating to operative paragraph 3, in which the phrase "to exercise meaningfully their freedom of choice" would limit a right recognized by all and one which the draft resolution sought to implement. He hoped that a joint text would emerge from the negotiations in progress and thought it unnecessary for the time being to comment on the other amendments.

35. Mr. MWINGA (Zambia) said that, although the United Nations fully recognized the permanent sovereignty of peoples over their natural resources, the fact remained that in vast areas of the developing world the people were deprived of the fruits of those resources. It was not enough for the United Nations to reaffirm the rights of the developing countries and to expose, in voluminous documents, the scourge of foreign exploitation which the exploited peoples knew only too well. What was needed was a resolution followed by action to help bring about long-awaited reforms.

36. Ironically, Africa was the richest continent by virtue of its well-known mineral resources which were being rapidly exploited by foreign companies and foreign-oriented minority régimes, as in South Africa, Southern Rhodesia and the Portuguese colonial

territories; yet, the African peoples themselves had the lowest per capita income in the world. That was an eloquent indictment of the past and current systems of exploitation of Africa's natural resources. If rights were translated into rewards, it might be asked whether the African peoples had any right to sovereignty over their natural resources. They had suffered rather than profited from the mining industry which had been used by the colonialists to perpetuate militarism, apartheid, racism and other forms of oppression associated with the dogma of a "master race".

37. It might be said that all Zambia's misfortunes had begun with the exploitation of its copper by foreign mining companies which, by investing £150 million in the last fifteen years, had produced copper worth £2,400 million in the same period and had made fantastic profits which they had reinvested abroad. In consequence, Zambia, which was the second largest copper-producing country in the world, was economically under-developed and had been unable to build up national industries, since it was still completely dependent on foreign markets for its most essential supplies. The foreign mining companies had made no provision for the training of African workers, who were therefore unskilled and received lower wages

than white workers. That was the outcome of the exploitation of Zambia's mineral resources by "free" enterprise and practically the whole of Africa had suffered the same fate.

38. The developing countries were constantly being told to show a sense of responsibility, to provide better safeguards for foreign capital and to refrain from asking for a larger share of the profits from the exploitation of their own mineral wealth. A new approach to the whole question of rights and responsibilities was needed and the other side should be lectured for a change. It was the foreign investors who had shown irresponsibility, and Africa had been exploited more than enough. The time had come to re-examine the so-called benefits it had derived from the development of its natural resources by foreign capital. Some people said that the developing countries had no choice and must either submit to the foreign investors' terms or leave their natural wealth undeveloped. But that in itself was a choice, and there was no doubt that the dependent countries would choose, if they could; nor was there any doubt as to what their choice would be.

The meeting rose at 5 p.m.

United Nations
GENERAL
ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1054th
MEETING

Wednesday, 2 November 1966,
at 10.35 p.m.

NEW YORK

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Agenda item 45:

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sources (*continued*) 195

Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 45

Permanent sovereignty over natural resources (*con-
tinued*) (A/5803, chap. III, sect. V; A/6430, E/3840,
A/C.2/L.870 and Corr.1 and Add.1, A/C.2/L.871,
A/C.2/L.873-876)

1. U THET TUN (Burma) said that his country had become a sponsor of the draft resolution (A/C.2/L.870 and Corr. 1 and Add.1) in the belief that the principle of permanent sovereignty over natural resources, while generally accepted in theory, needed to be put into practice, particularly for the benefit of the newly independent countries.

2. He was glad that the United States delegate had adopted a sympathetic attitude towards the draft resolution and he would like to dispel some of the doubts he had expressed concerning the final pre-ambular paragraph and operative paragraph 3. The inclusion of the words "by themselves" in those two paragraphs was in no way designed to suggest that the developing countries were seeking economic autarky or isolationism. On the contrary, an international division of labour could be secured by specialization in production, either by product or by quality, and subsequent exchange through international trade. Moreover, higher rates of growth could be attained by internal investments, due to their multiplier effects, than by joint ventures financed with foreign capital, due to the foreign leakage factor involved therein.

3. His delegation also hoped that the difference of opinion on operative paragraph 4 could be resolved so that the Committee could reach unanimous agreement.

4. Mr. CAMEJO ARGUDIN (Cuba) said that his country's proclamation of its permanent sovereignty over its natural resources had led to trade embargoes, blockades, and even attacks on its territory. Although those acts had been in vain, they constituted serious infringements on Cuba's sovereignty and the guilt of those responsible was plain. It was therefore logical that the revolutionary Government of Cuba had joined with others both within and outside the United Nations in supporting proposals to recognize, in theory and

practice, the principle of permanent sovereignty over natural resources.

5. His delegation welcomed the draft resolution and the statements made in support of it by the socialist countries. He also endorsed the remarks made by the representative of Panama (1050th meeting), although that representative might have spoken more openly of the scandalous disregard of the principle of permanent sovereignty which the United States had shown in exploiting the Panama Canal.

6. During the debate many representatives had stressed the violations of sovereignty that had occurred in Africa and Asia, particularly in the newly independent nations. But the Committee must give equal consideration to the flagrant examples of economic aggression that had taken place in Latin America. Much emphasis had also been laid on the evils committed in Africa and Asia by the colonial Powers of Europe. But delegations seemed to have forgotten that even greater evils had been committed by a much more predatory Power—the United States—in the Western Hemisphere. The United States had exerted all kinds of economic pressure on Cuba and its retention of its base at Guantanamo was perhaps the most shameful example of the violation of a country's sovereignty.

7. The United States amendments to the draft resolution (A/C.2/L.873) seemed to be more concerned with protecting the selfish interests of foreign capital than with upholding the principle of permanent sovereignty. The draft resolution should contain a warning against the abuses for which foreign capital was responsible and make it clear that each State could adopt its own legislation to safeguard its natural resources. The text must provide the minimum guarantees for the legitimate interests of the developing countries and must condemn all attempts made by foreign countries, individuals and Governments to infringe the principle of permanent sovereignty.

8. Mr. SADI (Jordan) said that three general conclusions could be drawn from the discussion: permanent sovereignty over natural resources was an essential ingredient of political sovereignty; the principle of permanent sovereignty had been upheld in theory but not in practice; and foreign capital was needed to develop the natural resources of the developing countries. The Committee must strike a balance between those points by recognizing that the natural resources of the developing countries were the basis for their economic development, that those resources were exhaustible and that the huge profits derived by foreign companies represented a capital development fund that had been denied to the developing countries.

9. His delegation hoped that informal consultations would lead to a suitable compromise and the adoption of a satisfactory text.

10. Mr. AL-AGROUSH (Saudi Arabia) said that his Government enjoyed full control over its natural resources and exploited them with the help of foreign companies and experts. Saudi Arabia encouraged outside investment on terms that were beneficial for the country itself. Agreements were reached with foreign companies on such matters as exploitation, marketing and training and were signed to the satisfaction of all concerned. Such agreements in no way infringed the principle of permanent sovereignty over natural resources. National sovereignty would be protected as long as each Government made sure that the terms of agreements with foreign companies were in accord with their own interests.

11. His delegation hoped that the draft resolution would not place any obstacles in the way of the free flow of foreign capital into the developing countries. It also hoped that, in the drafting of the final text, a satisfactory compromise would be reached between the need to uphold the principle of permanent sovereignty over permanent resources and the need to bring foreign capital into the developing countries in order to raise their standards of living.

12. Mr. KADLEC (Czechoslovakia) said that the aims of the sponsors of the draft resolution were to give practical effect to principles already embodied in previous resolutions. His delegation was prepared to support the text as it stood but was confident that the sponsors would be able to reach a compromise with those who had difficulty in accepting some of the provisions.

13. His delegation agreed that the natural resources of the developing countries formed the basis of their economic development and particularly of their industrialization. The exercise of the right to dispose freely of those resources was one of the prerequisites for complete economic independence. It was difficult to see any logic in the arguments of those who were

opposed to the recommendation that the developing countries should market and utilize their natural resources by themselves. No question of autarky was involved; it was much more a matter of international co-operation. A good example of such co-operation was to be found among the socialist States: a country having certain resources was assisted by another country needing such resources on the basis of mutually advantageous agreements. In drawing up such agreements the principle of permanent sovereignty was fully upheld.

14. His delegation would strongly resist any attempt to weaken operative paragraph 4. It was ready to seek an understanding with the opponents of the draft resolution but could not accept amendments which ran counter to its very purpose.

15. Mr. PAPADOPOLO (Guatemala) said there could be no argument about the principle that all States had full sovereignty over their economic resources. But, while that principle might be proclaimed in high-sounding words, in practice it was often violated. Foreign investment could and must supplement the meagre resources which the developing countries were able to mobilize for their development. Guatemala welcomed such investment provided it met the legal requirements of the recipient countries.

16. His delegation therefore fully supported the draft resolution which was aimed at the practical implementation of the principle of permanent sovereignty over natural resources. It was also able to support some of the amendments and hoped that the informal talks would result in a text acceptable to the large majority of the Committee.

17. The CHAIRMAN suggested that the Committee should adjourn so as to allow the sponsors of the draft resolution and of the amendments to continue their informal talks.

It was so agreed.

The meeting rose at 11.20 a.m.

United Nations
GENERAL
ASSEMBLY

TWENTY-FIRST SESSION

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SECOND COMMITTEE, 1055th
MEETING

Wednesday, 2 November 1966
at 3 p.m.

NEW YORK

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AGENDA ITEM 45

Permanent sovereignty over natural resources (*continued*) (A/5803, chap. III, sect. V; A/6430, E/3840, A/C.2/L.870 and Corr.1 and Add.1, A/C.2/L.871, A/C.2/L.873, A/C.2/L.874/Rev.1, A/C.2/L.875, A/C.2/L.876)

1. Mr. FERNANDINI (Peru) said that he wholeheartedly supported the draft resolution before the Committee (A/C.2/L.870 and Corr.1 and Add.1), which enunciated principles enshrined in the Peruvian Constitution. While the principle of the sovereignty of States over their natural resources was not questioned, the actual exercise of that sovereignty gave rise to certain problems, and as this had a close bearing on economic development, it was natural that they should be studied by the Second Committee. Industrial development, for example, was closely linked to the exploitation of natural resources.

2. The purpose of the draft resolution was to confirm the sovereignty of States over their natural resources and to ensure their exercise of that sovereignty. It could not have any harmful consequences; on the contrary, the moral prestige of a United Nations resolution was bound to facilitate the elimination of injustices and imbalances. Moreover, it rightly stressed the need for foreign investors to train national personnel and the importance of increasing the profits derived by the developing countries from the exploitation of their natural resources, profits which at present were in most cases insufficient for capitalization.

3. He thanked the sponsors of the draft resolution, particularly the representative of Panama, for the moderation and spirit of conciliation which they had demonstrated. He also thanked the delegations of France and the Netherlands, which had expressed their support for the draft, and that of the United States, which had not opposed it in principle.

4. Mr. HOO (China) said that his delegation had always attached great importance to the indisputable principle of the permanent and absolute sovereignty

of every country over its natural resources. He understood the position of the African countries, whose natural resources were as yet largely untapped. The foreign capital, public and private, which most developing countries welcomed as a means of exploiting and marketing their natural resources should be invested by mutual agreement in such a way as to ensure equitable profits for all concerned within the framework of concerted international economic co-operation.

5. It would be preferable if operative paragraph 1 of the draft resolution reproduced the exact wording of General Assembly resolution 1803 (XVII), which read: "The right of peoples and nations to permanent sovereignty over their natural wealth and resources must be exercised in the interest of their national development and of the well-being of the people of the State concerned". His delegation therefore supported the amendments proposed by the United States delegation (A/C.2/L.873), which would greatly improve the draft resolution, and particularly the amendment to operative paragraph 1; it also supported the other amendments which had been submitted by various delegations (A/C.2/L.871, A/C.2/L.874/Rev.1, A/C.2/L.875 and A/C.2/L.876). He hoped that the draft resolution would take account of the views of all delegations and receive the Committee's unanimous support.

6. Mr. OMEISH (Libya) said that, in the view of his Government, every State had the right of unconditional ownership of its natural resources and also the right to take the appropriate measures to uphold, strengthen and safeguard that right.

7. In reaffirming that right, the draft resolution by no means advocated isolation; economic relations among nations were a necessity, but they must be adapted to conform to new methods of real and effective international co-operation.

8. The amendments proposed by the United States bore witness to the uneasiness with which some countries reacted to the concept, enunciated in the last preambular paragraph and operative paragraph 3 of the draft resolution, that the developing countries should exploit and market their natural resources by themselves. His delegation felt that that concept should be protected against any amendment which might weaken it.

9. Operative paragraph 4 of the draft resolution was fully in accordance with the policy of his Government, which in 1958 had promulgated a law on the investment of foreign capital providing for participation by Libyan investors in enterprises financed by foreign capital and requiring that such enterprises should contribute to the country's economic development; that law also

provided incentives for foreign investors and authorized the repatriation of profits and dividends. The decree-law of November 1965, amending the Petroleum Law of 1955, was aimed at rectifying certain inequitable provisions so as to give Libya a fair share of the income derived from its petroleum resources; under that decree-law, the revenues accruing to the Libyan Government had risen from 87.5 million to 135.5 million Libyan pounds. The twenty-six concessionaires engaged in exploiting Libyan petroleum had agreed, following negotiations with the Government, to amend their concession deeds in accordance with the new decree-law and the Libyan people were thus assured of benefiting fully from their right to the earnings provided by their natural resources.

10. In the light of those considerations, his delegation had joined in sponsoring the draft resolution, whose original sponsors were to be congratulated on the excellent text which they had prepared.

11. Mr. SAHLOUL (Sudan) welcomed the conciliatory atmosphere of the debate, which should be conducive to general agreement on a joint draft resolution. Unlike some delegations, which thought that the draft resolution before the Committee emphasized the legal and ideological aspects of sovereignty over natural resources, his delegation felt that it emphasized the economic aspect: the third, fourth and fifth preambular paragraphs rightly recognized that the economic development of the developing countries must of necessity be based on their natural resources. As the representative of Iran had noted at the previous meeting, 80 per cent of the natural resources and 90 per cent of the human resources of those countries remained untapped. Their natural resources could undoubtedly be best exploited by those countries themselves, since they were actuated by a motive even stronger than profit; that was the theory enunciated in the sixth preambular paragraph of the draft as the ideal solution, which nevertheless took account of the reality that the developing countries would depend on international co-operation for a long time to come.

12. However, the pressures to which social changes gave rise called for adjustments in the relations between developed and developing countries and those adjustments could be made only through the free exercise of the sovereignty of all the parties concerned. That free exercise of sovereignty presupposed a reasonable measure of equality between the parties and provisions should therefore be adopted which would respond to new circumstances that might call for revision of agreements between developing countries and the countries which were assisting them. However, those countries were well aware that, if their long-term national interests were to be safeguarded, such a revision could be made only by mutual agreement. That was a reasonable trend and should not arouse the apprehensions of the developed countries, particularly if the amendment contained in document A/C.2/L.871, which stressed the importance of the role of international assistance, was adopted. His delegation could support that amendment if the words "foreign capital, whether public or private" were replaced by the phrase "foreign investment

and assistance", which covered all forms of investment and assistance at present directed towards the developing countries; it felt that the term "foreign capital" could be restrictive and that, in addition, it was not quite clear what was meant by "public foreign capital".

13. His delegation also supported the amendment proposed by the Democratic Republic of the Congo (A/C.2/L.874/Rev.1), which would strengthen the draft. He hoped that the negotiations now in progress would result in a text which would not modify the draft under consideration to such an extent as to alter its substance.

14. Mr. JULEV (Bulgaria) said that the lively debate on the draft resolution was one more indication of the vital importance for every sovereign State of the question which the Committee had before it. His delegation understood permanent sovereignty over natural resources to mean the exercise of a permanent right over those resources, and it was pointless to try to manipulate philology and history in that connexion, as some representatives had done. The draft resolution was a step towards the consolidation of that sovereignty and, therefore, the economic independence of the developing countries. His delegation supported the draft resolution as it stood but reserved the right to speak in regard to the various amendments.

15. Mr. KHAN (Pakistan) thought that the Committee's consideration of the question of permanent sovereignty over natural resources had been marked by greater objectivity and had given rise to considerably less disagreement than last year. The Committee unanimously recognized that the question at issue was not the sovereignty of States over their natural resources but the exercise of that sovereignty by the developing countries. The draft resolution was intended to give more practical substance to the principles set forth in General Assembly resolution 1803 (XVII). So long as the developing countries were not in a position to choose freely the manner in which their natural resources were exploited and marketed, the exercise of their permanent sovereignty could only remain purely academic. Of course, those countries could make that choice with full freedom only if they were able to exploit and market their natural resources themselves. That was a lengthy process, which would require international co-operation and assistance. The developing countries would continue to depend on foreign capital, both public and private, for a long time to come.

16. Pakistan had made it known in no uncertain terms that, within the framework of its national development plans, it looked forward to an increased inflow of foreign capital. His delegation did not think that the draft resolution could be interpreted as directed against private foreign capital, which could play a positive role in the economic growth of the developing countries. Pakistan, which was a Party to the Convention on the Settlement of Investment Disputes between States and Nationals of other States, concluded under the auspices of the International Bank for Reconstruction and Development, encouraged the inflow of such capital by providing the necessary guarantees and incentives.

17. Under such conditions, it was difficult to understand how there could be any doubt about the need for United Nations action in that field aimed at assisting the developing countries to reach a stage of technological advancement where they could decide freely how their resources should be developed. They could reach that stage only if private investors trained the necessary national personnel and gave them a greater share in the administration of their enterprises. The developing countries' right to secure and, where necessary, increase their share in the profits of those enterprises, in the light of their needs for economic development, must also be recognized.

18. In conclusion, he expressed the hope that the sponsors of the draft resolution and of the various amendments would be able to work out a mutually satisfactory solution.

19. The CHAIRMAN suggested that the Committee should postpone consideration of item 45 and proceed to the next item on the agenda.

It was so decided.

AGENDA ITEM 50

Programme of studies on multilateral food aid: report of the Secretary-General (A/6303, chap. XII, sect. IV; A/6425, E/4210 and Add.1, E/4236)

20. Mr. DE SEYNES (Under-Secretary for Economic and Social Affairs) said that, in both economic and human terms, the food deficit in the developing countries was one of the great problems facing the international community today. Of course, the food problem was not new to the present generation. However, for some years bad harvests had occurred at regular intervals to remind it that the ancient problem of hunger still remained. Ever since its establishment, the Food and Agriculture Organization of the United Nations (FAO) had been tireless in stimulating national and international action, stressing the inevitability and the imminence—except for prompt action which could remedy the situation—of a serious economic crisis and the very real danger of malnutrition, or even famine, in many regions of the developing world.

21. The reiterated warnings made by FAO throughout the years were no longer regarded as the lament of a latter-day Cassandra. Many countries and many organizations were deeply concerned by the complex problem of the food shortage in the new countries and some of them were actively tackling it. Indeed, the marked deficits in food production, particularly cereals, recently registered in the most highly populated countries—mainland China and India—had spotlighted the main factors of the impending food crisis. The immediate task was to find means of shipping food-stuffs to the hungry peoples. That problem had become especially crucial with the drop in the food surpluses of the United States: its grain stocks had fallen from 38 million tons in 1961 to approximately 15.5 million tons in 1966. The precarious nature of that "reserve" and of the world food balance became evident when it was realized that India alone had imported 6.6 million tons of grain in 1965 and that figure would probably be higher in 1966.

22. In the long-term view, the principal factor was probably the swift rate of demographic expansion in

the developing countries. In the Far East, where the food problem was currently the most acute, the population was increasing at the rate of approximately 2.5 per cent annually. In many of those Asian countries, existing food resources represented hardly more than 2,000 calories per capita a day, which was far below the minimum needed to prevent malnutrition and, of course, considerably lower than the level considered normal in the advanced countries. Consequently, just to keep pace with the population increase, the food resources of the developing countries of Asia would have to increase by more than 2.5 per cent annually; they would have to increase by more than 3.5 per cent annually to meet the increased demand for food which was likely to accompany an increase in per capita income. Actually, since 1960, the growth rate of production had not even kept up with the tempo of demographic increase. Low agricultural productivity, combined with an apparent inability to increase inadequate harvests, was another important aspect of the problem.

23. It might be asked whether the developing countries could not secure a sufficiently large and swift increase in their export earnings and thus obtain enough foreign exchange to purchase an adequate quantity of food-stuffs. However, unless recent trends were completely reversed, such a solution could not be anticipated in the foreseeable future. During the last ten years, the export earnings of the developing countries of the Far East had risen more slowly than those of any other developing region. In fact, since 1960, the value of their exports had increased by less than 4 per cent annually. During the preceding five years, 1955-1960, the annual rate of increase had been hardly more than 2 per cent. It sufficed to compare those figures with the rate of increase in value of world trade, which had been approximately 7 per cent and that of the exports of the advanced market-economy countries, which had been approximately 8 per cent. The persistent lag in the growth of exports was thus another essential aspect of the food problem of many developing countries.

24. Of course, the problem of the food deficit was not confined to the developing countries of the Far East. It also faced many countries in the Middle East, Africa and Latin America. Each of the factors underlying the food difficulties of the developing countries was the result of a vast range of highly complex problems and every effort must be made to understand and solve them. To that end, in resolution 2096 (XX) the General Assembly had requested a programme of studies on multilateral food aid, the time-table for which had recently been shortened. Those studies had been initiated by the Secretary-General in co-operation with the Director-General of FAO. Preliminary conclusions and recommendations likely to influence the crucial decisions which might be taken in 1967 would be submitted to the Economic and Social Council at its forty-second session and to the General Assembly at its twenty-second session. Undoubtedly, it would be one of the main questions with which the Council and the Second Committee would justifiably be concerned in 1967. He hoped that Governments would study the question carefully and that representatives on the Economic and Social Council would be given sufficient authority to make the necessary decisions.

25. The planning of a world-wide strategy for multi-lateral food aid required time, but there were several areas where Governments could take effective action in the immediate future. First, the Governments of countries with food surpluses, when determining their own policies for food production should consider the requirements of the developing countries. On that subject above all the decisions made should take into consideration the needs of the international community. There was also another field in which the policies adopted by the advanced countries affected the situation of the developing countries, namely, trade negotiations. At present, talks on certain food products were taking place in the Kennedy round of negotiations; it was to be hoped that the improvement of the present situation would be one of the major objectives of those negotiations. Finally, Governments could take immediate practical action under the World Food Programme.

26. The present total of contributions pledged by Governments to the Programme was only \$159 million for the three years 1966-1968. The bulk of that sum had already been allocated to specific projects or earmarked for emergencies, so that, at the moment, the Programme had only \$32 million in hand for new projects up to the end of the current three-year period. If the \$275 million target were reached, the Programme would be able to finance approximately 125 new projects, an increase of 80 projects over and above the number of requests which could be met with the contributions pledged so far. Following the Economic and Social Council's adoption of resolution 1150 (XLI), the Secretary-General had drawn the attention of all Member States to the Council's urgent appeal for further contributions to the Programme, in commodities, cash or services, with a view to reaching the targets set by the Assembly. There was still much to be done to close the gap between the contributions pledged and the targets set. The United States had just announced its intention of adopting a new basis for calculating its matching contribution; henceforth, every additional dollar pledged by Governments in cash or commodities would be matched so as to constitute a pledge of \$2. The Secretary-General sincerely hoped that in 1967 the Assembly would be able to adopt a resolution noting with satisfaction that the \$275 million target set for the period 1966-1968 had been reached, and even exceeded.

27. Mr. POLIT (Ecuador) thanked the Under-Secretary for his statement, which would greatly assist the Committee in its examination of the question, and proposed that the text should be distributed as an official document of the Committee.

It was so decided.^{1/}

28. Mr. POLIT (Ecuador) said that no one who had heard the Under-Secretary's statement could any longer doubt the extreme importance and gravity of the world food problem, or fail to realize that the absence of a solution to that problem was one of the main factors impeding economic development. In Ecuador, 40 million bunches of bananas were wasted

every year because there was no way of using them in industry and no room for them in the ripeners. That annual loss was a crime against humanity, which lacked the means of satisfying its essential needs. According to the FAO report, food production in 1965 had remained at the same level as five years previously, and the threat of famine would be even more serious in 1967. Moreover, food surpluses were being rapidly exhausted in the United States, which would be unable to maintain its food aid programmes at the level of the past twenty years. He was glad that a study of that problem, which was of vital interest to millions of human beings, and an examination of the various possible solutions were being undertaken by the Committee quite early in the session. He invited the Executive Director of the World Food Programme to study, in collaboration with FAO, the United Nations Development Programme and the International Bank and other appropriate organs of the United Nations, the possibility of using Ecuador's banana surplus in connexion with the World Food Programme, possibly by converting the bananas to flour, which could be used either by itself or mixed with cereal flour. The United Nations had a valuable source of food-stuffs available to it in those bananas, the loss of which was detrimental both to those who were suffering from hunger and to the Ecuadorian producers. His delegation would submit a draft resolution on the subject.

29. Mr. BRADLEY (Argentina) thanked the Under-Secretary for his introduction to the draft resolution on multilateral food aid, which the Economic and Social Council had recommended for adoption by the Assembly (A/6425, para. 2), and for the information which he had provided concerning the present state of the studies that had been undertaken on the subject. The problem of food scarcity, to which the Secretary-General attached particular importance and which had been for so many years a matter of anxiety and practical concern to the United Nations, and especially to FAO, was dealt with in the report submitted by the Secretary-General (E/4210 and Add.1) in conformity with General Assembly resolution 2096 (XX).

30. The preliminary results of the studies that had been undertaken were encouraging and showed a heightened world awareness of the food problem. Early action was needed, for hunger did not wait and hungry people died. The United Nations studies should deal with the various aspects of the problem: the financial aspect, which was of particular urgency if food aid was to be assured; the technical aspect, in order to help the developing countries—particularly those which had changed from exporters to importers of food-stuffs—to find a remedy to the situation; and, finally, the commercial aspect, for most food-producing countries were developing countries, which needed international aid in order to play their part in feeding the world. At present, the problem was also being studied in GATT (General Agreement on Tariffs and Trade), especially in connexion with the Kennedy round. Argentina, which earned 90 per cent of the currency it used for development from the export of food-stuffs or their derivatives, had sent a team of economists to the Kennedy round; it trusted that the negotiations would result in a lowering of tariff barriers, thereby opening up world markets to Argentine food products.

^{1/} The full text of the statement of the Under-Secretary for Economic and Social Affairs was subsequently circulated as document A/C.2/L.879.

31. Not being a member of the Economic and Social Council, Argentina had played no part in drafting resolutions 1149 (XLI) and 1150 (XLI) of the Council) but found them satisfactory and would vote for the draft resolution recommended to the General Assembly in the first of those texts. The early adoption of that

draft resolution would make it easier to accomplish the tasks defined in it and thus to banish the spectre of famine.

The meeting rose at 4.15 p.m.

United Nations
**GENERAL
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TWENTY-FIRST SESSION

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**SECOND COMMITTEE, 1056th
MEETING**

Thursday, 3 November 1966,
at 10.35 a.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 50

Programme of studies on multilateral food aid: report of the Secretary-General (*continued*) (A/6306, chap. XII, sect. V; A/6425, E/4210 and Add.1, E/4236)

1. Mr. TADJO (Ivory Coast) said that his delegation unreservedly supported the draft resolution recommended by the Economic and Social Council (A/6425, para. 2). The world food situation had changed radically in recent years; in place of widespread malnutrition, the world community now had to face a real threat of famine. The United Nations and the Food and Agriculture Organization of the United Nations (FAO) had repeatedly drawn attention to the magnitude and urgency of the problem and to the need for concerted international effort to avert the impending crisis.

2. The crisis was one which would inevitably affect the developing countries most of all, since they had been transformed in one generation from net exporters of food-stuffs to net importers and would, even if the most optimistic estimates of production and population growth proved correct, be importing food-stuffs on an increasing scale from 1970 onwards. There was little doubt that existing food aid programmes, which offered bilateral assistance to cope with under-production in developing countries, would have to be replaced by long-term food planning at the world level, implemented through multilateral programmes.

3. If the World Food Programme was to undertake that work, it would clearly have to be given three major functions. First, it should continue to provide emergency food aid in crisis situations. Secondly, it should promote structural reform in agriculture in both developing and industrialized countries; it was perhaps surprising to learn that the Ministers of Agriculture of the member countries of the Organization for Economic Co-operation and Development, at a recent meeting, had stressed that, if a world food crisis was to be averted, the developed countries would have to increase their output and modernize their agricultural methods. The task to be carried out in the developing countries was well-known: to promote land reform, increased output for domestic consumption and agricultural productivity. The third

responsibility of the Programme should be the type of measures envisaged in the fourth preambular paragraph of the draft resolution for improving the distribution and flow of food-stuffs. Any such long-term programme would, of course, have to take into account the effect of increased domestic consumption of food-stuffs on the developing countries' export earnings and the impact of its activities on world commodity trade and prices.

4. With the technological knowledge available to the international community, none of the problems involved should be insuperable. His delegation was convinced that the world food shortage would be overcome through international co-operation and that the World Food Programme would receive the increased support it required for its current and future efforts.

5. Mr. KAUL (India) observed that the provisions of Economic and Social Council resolution 1149 (XLI) and General Assembly resolution 2096 (XX) provided adequate and comprehensive parameters for the Secretary-General's preliminary study on multilateral food aid. His Government would particularly welcome the opportunity provided by operative paragraph 1 (b) of the draft resolution recommended by the Council to submit its views on the matter and to provide any information which might be useful in connexion with the preparation of the study.

6. His country was deeply concerned about the existing world food situation. Transfers of food grains from surplus to deficit countries, vital as they were, were only a temporary expedient, since within a decade such supplies would be inadequate to meet deficits. Future assistance to the countries concerned should therefore be aimed particularly at increasing their food production by providing the necessary imports for that purpose. The imports should take the form of fertilizers, improved seed and modern agricultural machinery. Moreover, the success of agricultural development efforts was obviously dependent on economic progress in general, and industrial development in particular. Both the agricultural and industrial sectors must develop equally an increased production of steel and cement, Power supply, dam construction, the production of farm equipment and fertilizers were all essential if agricultural output was to be improved. The developing countries should not have to divert any of their development capital to the purchase of food grains to meet shortages; the resources required should, in fact, be added to, not deducted from, general-purpose development aid.

7. His country welcomed the prospect of multilateral food aid. Bilateral food aid, however, would be required for some years to come. It was to be hoped that other countries would follow the example of India

in the field of multilateral food aid in pledging an increased contribution to the World Food Programme to enable it to reach its new target for the period 1966-1968.

8. His delegation was anxious to correct the widely-held view that India was making little headway in dealing with recurrent food shortages. The image in people's minds was perhaps based on the events of 1965, when the country had suffered an unprecedented drought and production of food grains had fallen by 15 million tons—but, in spite of that, although there had been malnutrition and suffering, there had been no famine. During the previous fourteen years the production of food grains alone had, in fact, increased in India from 50 million to 80 million tons, extensive areas had been brought under cultivation and irrigated, and fertilizer production had greatly increased. It was expected that food production in 1966 would again show a substantial increase. Agricultural production was being given the highest priority in the country's development planning: what the planners had in mind, in fact, was a complete technological revolution in agriculture with the aim of achieving self-sufficiency in food supplies within five years, when it was expected that agricultural production would increase to a level of 120 million tons.

9. Mr. FILALI (Morocco) said that the world food shortage was a matter of immediate concern to the international community, and the deteriorating situation required urgent steps to avert the danger of widespread hunger and famine. The shortage had reached alarming proportions, particularly in the developing countries with rapidly expanding populations, and it was imperative that those countries should reform their agricultural systems and greatly increase their agricultural productivity.

10. The spectre of famine was already looming large in many over-populated regions of the world, especially in Asia and the regions with irregular rainfall. Fortunately, the danger had been foreseen by FAO and other specialized agencies concerned with the world food supply, but the task of meeting world food needs had been rendered much more complex by the steady reduction in the surplus stocks of the great food-producing countries, such as the United States. It was, however, encouraging to note that the United States had now recognized the gravity of the situation by changing its agricultural policy so as to increase rather than restrict output.

11. The problem of food shortage could be solved only through broad international action. While the studies undertaken by the Secretary-General in pursuance of General Assembly resolution 2096 (XX) would be of great value, more immediate action in the form of increased contributions by Member States to the World Food Programme was required. Resources available under the Programme, which had failed to reach the target of \$275 million for the period 1966-1968, were clearly inadequate, and his delegation therefore appealed to all countries to make the necessary additional contributions.

12. The draft resolution before the Committee would enable the rapid completion of studies on multilateral food aid; the Moroccan delegation hoped that it would receive unanimous support.

13. Mr. KILLION (United States of America) said that his delegation would support the draft resolution recommended by the Council since it would carry a stage further the important and carefully-planned study being prepared pursuant to General Assembly resolution 2096 (XX). His delegation approved of that study and hoped that the draft resolution would be adopted unanimously.

14. At the same time, the Committee must realize that the essential aim was an international attack on the problem of hunger and that no task was more necessary for the preservation of peace. The United States had shown its concern for that problem in many ways. It had modified its agricultural programme so as to bring millions of idle acres into production; it had given food aid to other countries both on an emergency and on a regular basis; and it also gave substantial support to the World Food Programme. It had recently undertaken to match with commodities all additional Programme pledges (either of cash or commodities) made after 31 July 1966; the United States would defray the shipping costs for all commodities which it provided under the Programme.

15. Nevertheless, such assistance could not solve the problem of hunger. The fact remained that half of the present world population was ill-fed and that, in the future, the developing countries' supplies of food-stuffs would be incapable of keeping pace with the growth of population, if present productivity and population rates continued. Whereas, earlier, many developing countries had been net exporters of food-stuffs, they now relied heavily on imports and very soon the food surpluses of the world would not suffice to meet their needs. For example, in recent years United States grain reserves had fallen from 40 million tons to 10 million tons. In fifteen years' time, food would have to be found to satisfy an additional 1,000 million persons. There would be increasing appeals to the developed countries to extend their food aid; more and more foreign exchange would be swallowed up in food purchases; and gradually the position would be reached where all the production of all the countries in the world would be unable to satisfy food demands. Such a position might well be reached within a generation.

16. The remedy did not lie in increasing the food potential of the developed countries which was already reaching a limit. Nor could much be done by bringing more land into cultivation, for that was a long and difficult process. There might well be unconventional sources of food supplies, for example, the oceans, but their possibilities were not yet known. The best solution was to increase the yields of existing acreage in the developing countries. In the last twenty-five years the yield per acre in the United States had increased dramatically but the developing countries had not yet been able to apply the benefits of agricultural technology; they lagged far behind the developed countries in terms of agricultural productivity.

17. One of the keys to the prevention of world famine therefore lay in bringing the benefits of agricultural technology to the developing countries. Such a policy would be in complete harmony with other efforts to promote economic progress, with the aims of the

World Food Programme and with the bilateral food programmes of the United States. It would release for industry labour now employed inefficiently in agriculture and would enable the food requirements of the population to be satisfied.

18. The question before the Committee was not one of an academic study but one involving man's very survival. On no subject was international co-operation more necessary. The problem of hunger was vital and the United States pledged its full support in the attempts to solve it.

19. Mr. MARTIN WITKOWSKI (France) said that his delegation preferred to discuss the substance of the problem when the study on multilateral food aid would be made available. Meanwhile, he would comment on the draft outline for the study (E/4210 and Add.1). He was glad to note the care and detail that had gone into the preparations for the study in co-operation with FAO. He hoped that the study itself would result in practical decisions which would guide international policy during the next twenty-five years.

20. An important feature of the outline was that it brought out the need to substitute "planned production" for "chance surpluses". Some parts of the outline might be considered somewhat academic (for example, the cost studies mentioned in chapter IV), and more emphasis might be placed in chapter VI on the relationship between food aid and international commodity agreements, since that point had been expressly mentioned in General Assembly resolution 2096 (XX). It also seemed illogical to include in the outline recommendations for the consideration of Governments before the Governments had actually commented on the study. He therefore suggested that chapter X should be eliminated. Finally, the studies mentioned in chapter III should be based on the Indicative World Plan for Agricultural Development of FAO and the time-table adjusted to make that possible.

21. He congratulated the United States on the recent action it had taken and particularly on the changes it had made in its agricultural policy. While the long-term aim must be to increase agricultural output in the developing countries themselves, the fact remained that the developed countries had an immediate duty to provide food aid. He recalled, in that connexion, the proposals his country had presented as far back as 1961 relating to market organization, known by the name of the Baumgartner-Pisani Plan. Those proposals would facilitate both the desired increase in agricultural output in the coming years and the large-scale financing of food aid.

22. Mr. BRADLEY (Argentina) proposed that the Committee should immediately adopt the resolution recommended by the Economic and Social Council (A/6425, para. 2).

23. Mr. SADI (Jordan) and Mr. KAUL (India) supported that proposal.

24. Mr. POLIT (Ecuador) said that his delegation had indicated at the preceding meeting its intention of submitting a draft resolution on the subject of surplus banana supplies in Ecuador; since, however, the inter-agency study to be carried out in pursuance of General Assembly resolution 2096 (XX) was com-

prehensive enough to include a survey of that problem, his delegation had decided not to ask the Committee to consider a further draft resolution. Moreover, under the draft resolution recommended by the Economic and Social Council, his country's banana surplus might be utilized within the World Food Programme. In operative paragraph 1 (b) of that resolution provision was made for the views of Member States to be taken into account in the preparation of the preliminary study by the Secretary-General; his delegation therefore wished its view that a study should be made of ways of using in the World Food Programme the 40 million stems of bananas which went to waste each year in Ecuador to be reflected in the record of the meeting and in the Committee's report on the agenda item.

25. Mr. LOBANOV (Union of Soviet Socialist Republics) asked that a vote should be taken on the draft resolution.

26. The CHAIRMAN invited the Second Committee to vote on the draft resolution recommended by the Economic and Social Council (A/6425, para. 2).

The draft resolution was adopted by 90 votes to none, with 8 abstentions.

27. Mr. LOBANOV (Union of Soviet Socialist Republics), speaking in explanation of his vote, said that the statements made in the debate had indicated the magnitude of the world food problem, which was one of the most urgent before the United Nations. Half the world's population suffered from malnutrition or starvation, and the prospects of an alleviation of the situation through a rapid growth of agricultural productivity in the developing countries could scarcely be regarded as bright. The Soviet Union, which itself extended substantial aid to the developing countries in food, clothing and other essential commodities, fully appreciated the need for concerted international action. Unfortunately, the aid provided under the World Food Programme was a mere drop in the ocean when seen in the over-all context of the needs of many developing countries whose populations were almost at starvation point. Indeed, the world food situation had deteriorated since 1961, when the Programme had been launched.

28. The world food shortage could be attacked effectively only by radical and extensive measures commensurate with the magnitude of the problem. The World Land Reform Conference, held at Rome in 1966, had shown that the key to a solution of the problem lay in the adoption of widespread, democratic land reform. The importance of democratic land reforms had been stressed by many speakers in the general debate, as well as in the report entitled: "The work of FAO 1964-1965".^{1/} It was therefore regrettable that the resolution just adopted made no reference whatsoever to the question of land reform, which was of crucial significance in increasing agricultural productivity.

29. Another serious defect in the resolution was the omission of any reference to the importance of

^{1/} Food and Agriculture Organization of the United Nations (Rome, 1965), document C 65/23, transmitted to the members of the Economic and Social Council as document E/4195/Add.1.

eliminating the vestiges of colonial domination in the agricultural field. A valuable contribution towards increasing agricultural productivity could be made by the elimination of such aspects of colonialism as outmoded agricultural methods, exploitation by monopolies and the establishment of military bases on land which could otherwise be used for agriculture. Regrettably, that important factor, too, had been omitted from the draft resolution.

30. A third shortcoming of the draft resolution was its failure to reflect the need to create conditions in which the developing countries could find adequate

and equitable markets for their agricultural produce. An expansion of surpluses could have serious effects on the agricultural exports of developing countries, and the need to increase rather than restrict world food trade should have been reflected in the draft resolution.

31. For all those reasons, and because it did not participate in the activities of FAO, which would play a major role in the proposed studies, his delegation had abstained in the vote on the draft resolution.

The meeting rose at 12.20 p.m.

United Nations
GENERAL
ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1057th
MEETING

Thursday, 3 November 1966,
at 3 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 45

Permanent sovereignty over natural resources
(continued)* (A/5803, chap. III, sect. V; A/6430,
E/3840, A/C.2/L.870 and Corr.1 and Add.1 and 2,
A/C.2/L.871, A/C.2/L.873/Rev.1, A/C.2/L.874/
Rev.1, A/C.2/L.875, A/C.2/L.876, A/C.2/L.880)

1. Mr. DE GRAUW (Belgium) considered that all delegations were agreed on certain legal principles. The right of permanent sovereignty over natural wealth and resources was challenged by no one. It had been proclaimed in the past, for example, at the seventeenth session of the General Assembly [resolution 1803 (XVII)], and was affirmed in the draft Covenant on Economic, Social and Cultural Rights recently studied by the Third Committee.

2. One of the lessons taught by the history of individual rights in the nineteenth century was that man's political emancipation was not fully achieved until it was supplemented by the establishment of an economic democracy which enabled him to play his role as a citizen in complete independence. Similarly, today, the new nations considered that the full exercise of their sovereign economic rights safeguarded their political independence. In that connexion, there could be no conflict between a country's sovereignty over its natural resources and co-operation with other countries, provided that such co-operation was governed by equitable rules. In other words, a rational balance should be sought between the rights and duties of each.

3. Sound co-operation between countries possessing natural wealth, on the one hand, and those supplying private or public capital, on the other, was based on several essential factors such as mutual trust, respect for agreements and the need for a fair sharing of the benefits of such collaboration. The text of the draft resolution before the Committee (A/C.2/L.870 and Corr.1 and Add.1 and 2) omitted some extremely important principles. For example, it did not mention respect for pacts freely concluded between States

*Resumed from the 1055th meeting.

and between individuals. Nor was there any reference to the idea of safeguards for foreign investment. Again, the wording of certain paragraphs, particularly operative paragraphs 3 and 4, was unsatisfactory. His delegation had been struck by the statements of several representatives of developing countries, who had suggested amendments designed to strike a better balance in the draft. It had been gratified to note that the sponsors agreed to incorporate the amendment contained in document A/C.2/L.871 which would greatly improve the preamble. The draft implicitly called for an increase in the flow of public capital. The countries which provided the developing countries with most of such capital were mixed-economy countries in which the private sector played a major role, and measures liable to discourage the flow of private investment might ultimately endanger the flow of public capital.

4. Belgium, like several other Western countries, had not hesitated in the past to draw on foreign technicians and capital. Such co-operation had proved fruitful when provided on an equitable ethical and financial basis. More recently, under its economic booster policy, Belgium had witnessed the emergence in its territory of many foreign and joint enterprises, the establishment of which had often made a useful technological contribution. It had, therefore, gained considerable experience in the matter, and that was a further reason why his delegation emphasized the importance of adopting, in that connexion, only properly thought-out resolutions which took into account the economic realities of a world in which technological exchanges were destined to play an increasingly decisive role.

5. Belgium had also acquired over the years very wide experience of investing abroad. Its investments in the Democratic Republic of the Congo were an example of that. In 1960, the Congo had had a remarkable and very well balanced infra-structure. Its large and already highly diversified industrial sector had provided facilities for processing many products locally prior to export. A substantial part of its consumer goods had been produced in the country itself. At present the Democratic Republic of the Congo had majority or controlling shares in all the large companies operating in its territory. Naturally, the Congolese Government was anxious at present to be in control of the country's economic life. The Belgian Government was convinced that a continuing and trustful liaison would lead to agreement and fruitful co-operation to the great advantage of the Congo's economic development.

6. By its financial aid, its private investment and the provision of technical advisers, Belgium was engaged in a co-operation and assistance effort which,

in terms of relative value, was equalled by few other countries. It had helped to build hydroelectric installations, chemical plants, sugar mills and many other enterprises throughout the world. Its contribution to the industrialization of many developing countries had been and continued to be real and constructive. Although, for historical reasons, a large part of its effort was still focused on the Congo, Rwanda and Burundi, Belgium was firmly resolved to extend its co-operation to a growing number of countries.

7. Mr. OKWENJE (Uganda) recalled that the principle of permanent sovereignty over natural resources had been affirmed by the General Assembly in resolutions 1515 (XV) and 1803 (XVII). He therefore saw no reason why some delegations were reluctant to have it embodied in the operative part of the draft resolution which was before the Committee. The exercise of that sovereignty did not in any way impair foreign participation in the exploitation and marketing of the developing countries' natural resources.

8. Uganda recognized the significant role which foreign capital had played and would continue to play in its economy. Under its first five-year development plan, two fifths of Uganda's spending in the developing of its natural resources had been financed from abroad and its target for the second five-year plan was much higher. His Government had established an industrial charter governing foreign participation in the country's economic development. The charter applied to companies and individuals to whom the Government had granted approved status by the conclusion of an agreement based on the charter. The Government provided approved enterprises with such help and support as was necessary and refrained from any action likely to place them at a disadvantage compared with their competitors. In return, it expected foreign enterprises to make provision for developing local Ugandan shareholdings or partnerships in a way appropriate to their financial structure and organization. It also expected every foreign enterprise to train and employ as high a proportion of Ugandans as was reasonably possible, at all levels. In addition to the industrial charter, the interests of foreign participants were safeguarded by the Foreign Investment Act of 1964.

9. While inviting foreign capital for the exploitation of its natural resources and providing it with the necessary safeguards, Uganda recognized that too great a reliance on foreign aid was not in line with the exercise of the right of permanent sovereignty over natural resources, for the priorities of economic development would then be determined by those of foreign investors.

10. His delegation therefore supported the amendments contained in documents A/C.2/L.871 and A/C.2/L.874/Rev.1. On the other hand, the United States amendment (A/C.2/L.873/Rev.1) would weaken the draft resolution and displace its emphasis. He still could not see why some developed countries were afraid of the developing countries' having an increased share in the administration and profits from the exploitation of their natural resources and in their marketing because, in fact, that would lead to the highest rate of growth.

11. Sir Edward WARNER (United Kingdom) reminded the Committee that certain passages of the draft resolution could only have the effect of discouraging the flow of private investment capital to natural resources in developing countries. In that connexion, the United States amendments offered a greatly improved wording. The United Kingdom amendments (A/C.2/L.880) were simply intended to make it clear that the developing countries already had the inalienable right to choose freely the manner in which their natural resources should be exploited, whereas the United States amendments seemed to imply that they did not yet have that right.

12. Mr. Mohamed AL-ATRASH (Syria) said that every independent country was by definition sovereign: it had freedom of choice in matters of national policy. Some countries had greater freedom of choice than others: for example, countries possessing more foreign exchange than others had greater freedom with regard to external trade. Therefore, while most developing countries were independent, in other words, sovereign, their freedom of choice was limited by their lack of resources.

13. The draft resolution was mainly intended to define ways of enabling the developing countries to reach a level of growth which would allow them to exercise their freedom of choice more widely. He hoped that the sponsors of the draft resolution and of the proposed amendments would succeed in reaching agreement.

14. Mr. ROOSEVELT (United States) stressed that the amendments submitted by his delegation in document A/C.2/L.873/Rev.1 did not differ materially from those contained in document A/C.2/L.873, except with regard to operative paragraph 4, where an effort had been made to return as far as possible to the sponsors' original text and to define clearly the points to which the United States attached most importance.

15. He welcomed the atmosphere of frankness in which the negotiations were taking place and the genuine progress that had been achieved, and hoped that it would prove possible to overcome the differences of opinion regarding operative paragraph 4 and to arrive at the desired consensus.

16. Mr. RAPHAEL (Venezuela) said that permanent sovereignty over natural resources was of particular importance for his country, whose economic development depended on the exploitation and marketing of its resources, especially oil and iron. Venezuela had gained much experience in such matters, and its laws laid down rules and principles governing the exercise of permanent sovereignty. Being closely linked with the world economy by its external trade and by foreign private investment, Venezuela had, from the first, developed its principal economic sector, the oil industry, with the help of foreign capital. Venezuelan participation, originally small, had grown and now accounted for two thirds of the industry's profits. The return was high enough to attract foreign capital, which in Venezuela enjoyed freedom of investment and enterprise under the law provided that the country's permanent sovereignty was not infringed. The effects of State participation in the companies developing Venezuela's natural resources were felt

right up to the stage of marketing. So far as the oil industry was concerned, the Venezuelan Oil Company was a public body whose activities included both direct management and association with private companies based on service contracts.

17. On the international level, Venezuela was a member of the Organization of Petroleum Exporting Countries which had succeeded in putting the international oil market in order.

18. With regard to the draft resolution, his delegation thought it most useful that the principle of permanent sovereignty over natural resources should be given authoritative international expression. Coming from the United Nations, such a declaration would have great moral value. The sovereignty in question was an inalienable and imprescriptible right of every State, which must be free to decide for itself, by domestic legislation, what use it would make of its natural wealth. But principles and practice must be brought into line.

19. His delegation would vote in favour of the draft resolution and would later explain its position regarding the various proposed amendments.

20. Mr. M'BAYE (Guinea) thought that the Second Committee was not the appropriate forum for the discussion of a matter as important as permanent sovereignty over natural resources, which went down to the very foundations on which the philosophy of the United Nations was based. Affirmation of the principle of permanent sovereignty must not be confused with the actual conditions in which capital was to be invested, a subject on which each country had its own relevant legislation. His delegation intended to vote for the draft resolution precisely because it reaffirmed that principle, but thought that there was no point in further discussion of such a fundamental matter.

21. Mr. DELGADO (Senegal) explained that he had refrained from taking part in the debate on the substance, since he had wished to do what he could to improve the atmosphere and avoid an ideological argument. He shared the view of other representatives that the principle itself was not in doubt, as permanent sovereignty over natural resources was a natural right deriving from the sovereignty of States. The Committee was concerned with the exercise of that natural right and with some of its practical aspects,

and his delegation had not made up its mind on the subject. Senegal had promulgated a very liberal investment code, which defined the ways in which foreign capital was to be invested and was designed to channel such capital into the sectors judged useful to the country, especially into jointly owned companies set up to carry out large-scale projects.

22. His delegation supported the draft resolution as a whole, and had no basic objection to the United States amendments which introduced a certain flexibility into the draft resolution, provided it was clearly understood that it was the countries concerned which retained the right to decide on the utilization of their natural resources. His delegation would also have no difficulty in supporting the amendment submitted by the Democratic Republic of the Congo. The amendments introduced at the 1053rd meeting by the representative of Madagascar on behalf of the sponsors (A/C.2/L.875), and the amendment of the Philippines (A/C.2/L.876) were not relevant to the draft resolution. In his view, co-ordination of the various United Nations agencies dealing with natural resources should be the subject of a separate resolution. He called on the sponsors of those amendments to withdraw them and proposed the deletion of operative paragraph 9.

23. Mr. RAMAHOLIMAHASO (Madagascar) said that the sponsors of the draft resolution had accepted the amendments submitted by his delegation and that of the Philippines, so that the problem no longer arose.

AGENDA ITEM 53

International Tourist Year (concluded)

ADOPTION OF THE DRAFT REPORT OF THE COMMITTEE (A/C.2/L.878)

24. The CHAIRMAN suggested that the Committee should proceed to consider the draft report on International Tourist Year (A/C.2/L.878).

It was so decided.

25. Mr. REISCH (Austria), Rapporteur, presented the draft report on International Tourist Year.

The draft report (A/C.2/L.878) was adopted.

The meeting rose at 4.5 p.m.

United Nations
GENERAL
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TWENTY-FIRST SESSION

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SECOND COMMITTEE, 1058th
MEETING

Friday, 4 November 1966,
at 11.30 a.m.

NEW YORK

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Chairman: Mr. Moraiwid-M. TELL (Jordan).

AGENDA ITEM 45

Permanent sovereignty over natural resources (*continued*) (A/5803, chap. III, sect. V; A/6430, E/3840, A/C.2/L.870/Rev.1, A/C.2/L.873/Rev.1, A/C.2/L.874/Rev.1, A/C.2/L.875, A/C.2/L.876, A/C.2/L.880, A/C.2/L.881)

1. Mr. AITKEN (Jamaica) observed that the right of countries to sovereignty over their natural resources was not always recognized in practice. The debate in the Second Committee would have served its purpose if it enlightened certain suppliers of private foreign capital on their co-operative function in the process of profit-making and economic development. Some of those investors continued to act as if they enjoyed not only the privilege of exploiting a resource, but also that of manipulating the domestic policies of the host country, and did not hesitate to obstruct the exercise of a country's sovereign rights.

2. The desire of the developing countries to exploit to the fullest extent one of their few advantages, their natural resources, required the participation of external capital and technical knowledge. In the past their anxiety to secure such participation had led some of them to enter into contracts which were wholly disadvantageous to their economic interests and which would never have been concluded if institutional capital and independent consultant services had been readily available. The best solution to the problem lay in expanding the supply of capital on a multilateral basis and making the consultant services of the United Nations more fully accessible.

3. His delegation entirely agreed with the spirit of draft resolution A/C.2/L.870/Rev.1 and the proposed amendments and was confident that the Committee would succeed in approving a text consistent with the rights and privileges inherent in the concept of sovereignty. There had been in the past a considerable imbalance in the sharing of the advantages, administration and profits of foreign-based enterprises engaged in resources operations in the developing countries, and the effort to bring about genuine economic interdependence without unduly disturbing the flow of international capital was deserving of support. It might be impractical, however, to endeavour to secure a dominant role for the developing countries in the

marketing of their natural resources, at least in the immediate future, and he urged the sponsors of the draft resolution to take into account the experience of Jamaica, where existing international marketing organizations were being utilized until such time as the country could market its mineral products itself.

4. Mr. MAKEEV (Union of Soviet Socialist Republics) reaffirmed his delegation's position (1052nd meeting) and remarked that the United Kingdom amendments (A/C.2/L.880) referred to "assistance" to the developing countries in the exercise of their freedom of choice as to the manner in which their natural resources should be exploited and marketed, and that similar vague references to freedom of choice were contained in the United States amendments (A/C.2/L.873/Rev.1). Those amendments would only undermine the clear provision contained in the draft resolution that the developing countries should be enabled to undertake the exploitation and marketing of their natural resources by themselves, and lead to a restriction rather than an expansion of national sovereignty.

5. The United States amendment to operative paragraph 4 contained a reference to international economic co-operation. But the debate had shown that such co-operation, far from being based on mutual benefit and sovereign equality, often operated to the advantage of one country only, and in many cases led to the plundering of the developing countries' resources. The amendment in question, while recognizing the rights of the developing countries to secure and increase their share in administration of enterprises which were fully or partly operated by foreign capital and in the advantages and profits derived therefrom, nevertheless attempted to subject those rights to a number of provisos: they must be exercised "on an equitable basis" and "without prejudice to any obligation arising out of international economic co-operation", despite the fact that those obligations were often imposed on developing countries by foreign investors and weakened their right to permanent sovereignty.

6. The reference to international law in the same amendment was merely a device whereby governmental action which was not to the liking of a foreign monopoly could be regarded as a violation of international law. By putting forward the erroneous concept that contracts entered into between sovereign Governments, on the one hand, and private individuals, companies or monopolies on the other, could be placed on the same footing as inter-governmental treaties, the amendment sought to perpetuate economic domination by monopolies. The rule *pacta sunt servanda* could not be applied to concessions granted to foreign companies by sovereign States: such concessions were

subject only to domestic law and could therefore be annulled or modified by governmental action. That principle, which was recognized by many leading international lawyers in Western countries, had been upheld by the International Court of Justice following the nationalization by Iran of its oil resources in 1951. The Court had concluded^{1/} that it had no jurisdiction in the dispute between the Iranian Government and the Anglo-Iranian Oil Company, since the original concessionary contract, to which the United Kingdom had not been a party, did not constitute a link between the Governments of the United Kingdom and Iran and did not regulate relations between them.

7. The revised draft resolution before the Committee incorporated significant changes which had been made to accommodate the views of countries from different regional groups. Further attempts to reach unanimous agreement were unlikely to improve it and the Soviet delegation believed that the Committee should take a decision forthwith.

^{1/} Anglo-Iranian Oil Co. case (jurisdiction), Judgment of July 22nd, 1952; I.C.J. Reports 1952, p. 93, Sales No.: 91.

8. Mr. PESHKOV (Byelorussian Soviet Socialist Republic) thanked the sponsors of amendment A/C.2/L.871 for incorporating the first of the two sub-amendments submitted by the Byelorussian SSR (A/C.2/L.881). The incorporation of the second sub-amendment, which would be fully in accordance with the aims of the draft resolution, would ensure that the activities of foreign capital were fully integrated into the national development policies of the host country and were used in its national interests, under government control. The Byelorussian delegation therefore urged the sponsors of the amendment in question to take that sub-amendment into account in a revised text.

9. Mr. LOUYA (Democratic Republic of the Congo) said that the amendment submitted by his delegation (A/C.2/L.874/Rev.1) was, as the representative of Belgium had pointed out at an earlier meeting, consistent with the philosophy of his Government. He was gratified that the substance of the amendment had been incorporated into the revised draft resolution which, he hoped, all members would support.

The meeting rose at 12.30 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1059th
MEETING

Friday, 4 November 1966,
at 3.50 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 45

Permanent sovereignty over natural resources (continued) (A/5803, chap. III, sect. V; A/6430, E/3840, A/C.2/L.870/Rev.2 and Corr.1, A/C.2/L.873/Rev.1, A/C.2/L.874/Rev.1, A/C.2/L.875, A/C.2/L.876, A/C.2/L.880, A/C.2/L.881, A/C.2/L.884)

1. Mr. ORTIZ SANZ (Bolivia), seeking to clarify the Committee's thinking on the extremely important item under discussion, introduced an amendment (A/C.2/L.884) to operative paragraph 6 of the draft resolution (A/C.2/L.870/Rev.2) aimed at imparting to the draft the positive character it lacked.

2. While it was desirable to formulate more precisely the principle of sovereignty over natural resources, which was often obscured by the play of interests attracted by those resources, the principle had long since been embodied in the fundamental law of almost all Member States; for example, the Constitution of Bolivia provided that all resources of the soil and sub-soil belonged by definition to the State. In the developing countries, however, the State's constitutional sovereignty over its natural resources actually amounted to sovereign impotence—because of the lack of capital, the political pressures to which the exploitation of its resources gave rise, and above all the fixing of primary commodity prices on the world market by the Governments of other countries and by the pernicious interests of the big monopolies.

3. As his delegation had said at the third United Nations Tin Conference, held in New York at the beginning of 1965, in the Ad Hoc Committee on Tungsten and at the third session of the Trade and Development Board of the United Nations Conference on Trade and Development, the adoption of abstract political documents would not help the developing countries to pay their way; that could only be accomplished by waging a relentless economic battle to win them a larger share of the income derived from the primary commodities they produced. That point of view, in whose support Bolivia hoped to enlist the representatives of all countries, both industrialized and developing, was not the fruit of resentment but rather of bitter experience. Bolivia, whose economy was 80 per cent dependent on the sale of its mineral products, had sought to solve its problems by nation-

alizing the large private mining enterprises in its territory. Unfortunately, having accepted enormous financial sacrifices to improve the exploitation of its resources, it had found itself blocked on the world market by the interests of consortiums which fixed prices by unacceptable methods contrary to the producers' interests.

4. At the third Tin Conference, his delegation had stressed that the main aim of the Third International Tin Agreement ought to be to ensure the producer countries stable and remunerative prices, to subject the fixing of prices and the disposal of non-commercial stocks to an international code of ethics that would take account of the non-renewable character of tin resources and of the public expenditure of the developing countries, to give the International Tin Council an opportunity to stop speculation, and lastly to create a true community of interests which would make it possible to eliminate both dumping and shortages. In the United Nations Ad Hoc Committee on Tungsten, a little later, his delegation had pointed out that the strategic stockpiles of tungsten accumulated by the United States would enable that country to place on the world market a million pounds of it every month for fifteen years; it had stressed that the tin and tungsten markets were, so to speak, in United States hands, which was equivalent to a controlled economy directed against the free play of supply and demand. But, as his delegation had pointed out during the general debate in the 1426th plenary meeting, the reason why non-commercial reserves were put on the world market had always been to regularize sales for the benefit of buyers at the expense of producers.

5. In making those comments, he did not mean to attack the great Powers—particularly the United States, whose influence in Latin America was certainly beneficial—but simply to give some idea of the discouraging battle which must be waged incessantly by the Governments of the developing countries simply in order to secure for their peoples a share of the income from their primary commodities commensurate with their needs and hopes. The amendment he had just submitted was thus not aggressive in nature, and he hoped that all members of the Committee would be able to support it.

6. Mr. BLAU (United States of America), speaking in exercise of the right of reply, pointed out that the policy of his country was to dispose of non-commercial reserves so as not to disturb the market. Moreover, his Government consulted with the other Governments concerned and the competent international bodies. As far as tungsten and tin were concerned, his delegation had already explained to the bodies mentioned by the Bolivian representative the precautions taken by the

United States to ensure that the disposal of its stocks did not disturb the world market, and he did not think it desirable to repeat them in the Committee.

7. Mr. ORTIZ SANZ (Bolivia) said that he did not doubt that the United States intended to act with all due propriety in regard to the disposal of non-commercial reserves and therefore hoped that the United States delegation would be the first to support his amendment.

8. Sir Edward WARNER (United Kingdom) said that he would exercise his right of reply in order to correct the erroneous assertion by the Soviet Union representative, at the previous meeting, to the effect that Governments were free to break contracts with foreign companies and that there was no protection or remedy in international law, for that assertion could damage the interests of developing countries by helping to frighten off private capital. Contracts between Governments and foreign companies often contained provision for arbitration as an agreed alternative to municipal law remedies.

9. The Anglo-Iranian Oil Company Case^{1/} had failed before the International Court of Justice because of technical objections raised by the Iranian Government, which had placed the Court in a situation comparable to that which had prevented it from pronouncing on the claims advanced by Ethiopia and Liberia in the South West Africa Cases.^{2/} It would be wrong to infer from those two cases that international law had nothing to say when Governments acted in breach of their obligations resulting from treaties and agreements validly entered into. It was true that the basic obligation of a Government towards a foreign company might depend on the terms of the contract or concessionary agreement which had been concluded; it was equally true that the contract or agreement might contain provisions for arbitration; but, in the final analysis, if the remedies provided for in the contract or agreement were rendered worthless, the Government concerned might well have rendered itself responsible under international law towards the Government entitled to protect the interests of the foreign company concerned. It followed that international law was indeed concerned with breaches of contractual obligations freely entered into and that the Anglo-Iranian Oil Company Case did not prove the contrary.

10. Mr. RAHNEMA (Iran) said that, in preparing the revised draft resolution, the sponsors had tried to take into account the reactions provoked by the original text and particularly the amendments submitted by the United Kingdom (A/C.2/L.880) and the United States (A/C.2/L.873/Rev.1).

11. The United States representative had admitted that, because of their lack of capital and trained personnel, the developing countries were not in a position freely to choose the manner in which their natural resources should be exploited and marketed and that there was therefore a considerable difference between freedom of choice as a legal right and in actual

fact. Freedom of choice implied that one could choose between several solutions and end the vicious circle inherited from the colonial era, when foreign investors had done nothing to prepare the developing countries to develop their natural resources themselves. The sponsors of the draft resolution had therefore wanted to specify that their aim—the exercise of permanent sovereignty over natural resources—could best be achieved in the conditions provided for in the sixth preambular paragraph. The United States representative had also stated that the disapproval of Congress, if it were to become convinced that the recipient countries intended to exploit their resources by themselves, would find vigorous expression in the quantity and terms of aid provided. He had also criticized the draft as tending towards economic autarky.

12. Those criticisms were groundless. One of the main objectives of the resolution was to give a concrete substance and a real content to the concept of freedom leading on the one hand to national development and, on the other hand, to international co-operation. It was the hope of the developing countries that freedom of choice would not be limited to foreign capital but would manifest itself in a broader freedom, enabling them to determine freely their respective attitudes towards foreign capital. Not only the United States Congress should be free to approve or disapprove of foreign aid, but all the congresses and parliaments of the world should be in a position to welcome foreign capital or reject it if such capital was detrimental to their basic interests.

13. The co-sponsors of the draft resolution did not have autarky in mind. On the contrary, they felt that it was because of certain practices of foreign investors and their indifference to the objectives of the developing countries that the latter might be forced into autarky. The intention of the present draft resolution was precisely to avoid such tendencies by preparing the best possible conditions for national resources development within the framework of international co-operation and the objectives of the United Nations Charter. The draft resolution affirmed the need for freely accepted co-operation and could not therefore be taxed with isolationism.

14. Finally, it had been claimed that foreign capital might be "frightened off" and that no measures should be adopted which might shake the confidence of potential investors. Judging by the figures, however, the investors did not seem unduly timorous. The draft resolution under consideration was by no means aimed at shaking their confidence, if they were prepared to take the interests of the developing countries into account.

15. The sponsors of the revised draft had agreed to incorporate in their text the amendment contained in document A/C.2/L.871. They had, however, thought it preferable to say that foreign capital could play an important role in supplementing the efforts of the developing countries in the development of their natural resources. In operative paragraph 3, the sponsors had not abandoned the idea of the development of the natural resources of the developing countries by those countries themselves, as some developed countries had asked them to do, but they had agreed to alter the original text to make it clear that such

^{1/} *Anglo-Iranian Oil Co. case (jurisdiction)*, Judgment of July 22nd, 1952; I.C.J. Reports 1952, p. 93. Sales No.: 91.

^{2/} *South West Africa, Second Phase, Judgment*, I.C.J. Reports 1966, p. 6. Sales No.: 299.

development was undertaken in order to enable those concerned freely to choose the manner in which their resources were to be exploited.

16. Operative paragraph 4 of the original text had met with stronger opposition from some developed countries. The sponsors had completely recast that paragraph. Without abandoning the idea, which was fundamental, of the developing countries' increasing their share in the administration, advantages and profits of the exploitation of their natural resources, they had stated that the share should be increased "on an equitable basis" and "with due regard to the development needs and objectives of the peoples concerned". It was heartening to note that the United States representative had admitted that the needs and objectives of the developing countries could be the yardstick of equity for that purpose. A great effort had therefore been made to satisfy the representatives of the developed market-economy countries by setting limits on the developing countries' share. Moreover, that paragraph, which incorporated the text of the amendment submitted by the Democratic Republic of the Congo (A/C.2/L.874/Rev.1), recognized the right of all countries to secure and increase their share in the administration and profits of the exploitation of natural resources. The sponsors had not found it possible to accept the United States amendment to operative paragraph 7, which would have completely distorted the original meaning. They thought that the United Nations should encourage the establishment of organizations such as those mentioned in that paragraph, whose activities were in accordance with the spirit of the United Nations Charter.

17. The sponsors of the amendments contained in documents A/C.2/L.875 and A/C.2/L.876 had said that they were satisfied with the changes made in operative paragraph 9, sub-paragraphs (a) and (b), which would become part B of the final text.

18. In conclusion, he expressed the hope that the draft resolution would be adopted unanimously. It took the views of the developed countries into account to a much greater extent than the corresponding text submitted at the last session^{3/} had done, and its unanimous adoption would be a victory, not only for the developing countries but for international co-operation.

Mr. Boiko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

19. Mr. IGWE (Nigeria) thanked the sponsors of the draft resolution and of the amendments for the goodwill they had displayed in reaching the satisfactory compromise embodied in the revised text; that was an example of the goodwill which his delegation would like to see prevailing in relations between developed and developing countries and it was to be hoped that, in its new version, the draft resolution could be adopted unanimously.

20. Mr. LUBBERS (Netherlands) associated himself with the thanks expressed by the Nigerian representative to the sponsors of the draft resolution, who had displayed remarkable understanding by altering

their text as much as possible. In particular, they had made operative paragraph 4 more balanced by agreeing to mention "all countries" and, in the same spirit of compromise, his delegation was prepared to support the revised draft resolution, if the sponsors agreed to insert the words "and to mutually accepted contractual practices" after the words "the peoples concerned", in the same paragraph. Unless that change was made, it would be difficult for the Netherlands delegation to support operative paragraph 4.

21. Mr. PIÑERA (Chile), speaking on behalf of the Latin American delegations, expressed the view that some negotiations would still be useful to achieve the widest possible agreement on a draft resolution which was of vital importance for the future of the developing countries. He therefore proposed that the meeting should be suspended for half an hour to enable delegations to study the new amendments which had just been proposed.

22. The CHAIRMAN moved the immediate suspension of the meeting, under rule 119 of the rules of procedure, although there were still some speakers on the list.

23. Mr. RAHNEMA (Iran), speaking on a point of order, requested that the speakers already on the list should be heard before the suspension of the meeting, for they might well have useful comments to make on the new amendment.

24. Mr. PIÑERA (Chile) changed his previous motion and proposed that the meeting should be suspended after the speakers already on the list had been heard.

It was so decided.

25. Mr. PESHKOV (Byelorussian Soviet Socialist Republic) pointed out that the sponsors had taken into account partially the first sub-amendment submitted by his delegation (A/C.2/L.881). The second sub-amendment was designed to harmonize the seventh preambular paragraph with the spirit of General Assembly resolution 1803 (XVII) and with the draft resolution as a whole. Obviously, the Governments of recipient countries were entitled to ensure that foreign capital was used in the interests of national development and to have all the information necessary for that purpose.

26. Mr. ROOSEVELT (United States of America) said he understood the position of the representative of Chile and felt that all groups should have an opportunity to discuss the amendments proposed. As he had not yet received instructions on the Netherlands amendment, which was important for the United States delegation, he announced that, after the suspension of the meeting, he would propose the adjournment of the debate until the following meeting without a vote being taken.

27. Mr. DELGADO (Senegal) expressed the hope that it would be possible to conclude the item on that same day. He was glad that a large measure of agreement had been achieved on the revised text but, having consulted the representative of the Ivory Coast, he proposed that in the French text of operative paragraph 1 the word "notamment" should be inserted before the word "tel" in order to dispel the impression given by the present text that the right of all countries

^{3/} See Official Records of the General Assembly, Twentieth Session, Annexes, agenda item 45, document A/6196, para. 8.

to exercise permanent sovereignty over their natural resources had been established by General Assembly resolution 1803 (XVII).

28. Mr. WARSAMA (Somalia) was glad to note the efforts and compromises which had led to the adoption of most of the amendments to the draft resolution. However, he reserved the right to state his views later on the Netherlands amendment. In the final preambular paragraph of the revised text he preferred the words "must play" to the words "can play". It would also be desirable to define the term "foreign capital"; his own preference was for multilateral capital. He proposed that in operative paragraph 4 the word "peoples" should be replaced by the word "countries" and that in operative paragraph 7 the words "development and" should be inserted before the word "marketing".

29. The CHAIRMAN proposed that the meeting should be suspended for half an hour.

It was so decided.

The meeting was suspended at 5.33 p.m. and resumed at 6.10 p.m.

30. Mr. ROOSEVELT (United States of America) moved that the debate and the vote should be adjourned until the following Monday.

31. The CHAIRMAN pointed out that the Latin American delegations had requested him to postpone the vote on the draft resolution until the following Monday. He had granted that request subject to the Committee's agreement. During the present meeting, the representative of Chile, as spokesman for the Latin American countries, had modified the proposal for adjournment and had formally requested a suspension of the meeting for half an hour, while agreeing that the four speakers still on the list should be heard. After having heard those speakers, he had suspended the meeting as agreed. He stressed that he was adhering strictly both to the rules of punctuality and to the rules of procedure and that no other consideration had affected his decisions. The Committee now had before it a formal motion by the United States representative to adjourn and postpone the vote until Monday.

32. Mr. RAHNEMA (Iran), speaking on a point of order, said that, before the adjournment he would like to clarify certain points raised before the suspension of the meeting.

33. The CHAIRMAN pointed out that the United States motion had priority.

34. Mr. ROOSEVELT (United States of America), speaking on a point of order, asked whether, if he withdrew his motion for adjournment to allow the Committee to hear the representative of Iran, he could speak first after that representative in order to re-submit his adjournment motion.

35. Mr. KITTANI (Secretary of the Committee) explained that, if the United States representative withdrew his motion to allow the representative of Iran to speak, he could request to be included again in the list of speakers and re-submit the motion but in the meantime the motion would no longer be before the Committee.

36. Mr. CHAMMAS (Lebanon) said he would like the United States representative to explain whether he maintained or withdrew his motion for adjournment.

37. The CHAIRMAN said he had understood that the United States representative withdrew his motion and proposed to re-submit it after the explanations given by the representative of Iran.

38. Mr. MARTIN WITKOWSKI (France) wished to know when he could comment on the statement made by the Chairman on the resumption of the meeting.

39. Mr. RAHNEMA (Iran) said he would be grateful to the United States representative to withdraw his motion formally on the understanding that he could re-submit it later.

40. Mr. DELGADO (Senegal), speaking on a point of order, said he had intended to submit a proposal similar to that of the United States. However, he did not accept the procedure that had been envisaged; if the United States representative withdrew his motion and the representative of Iran was called upon to speak, other delegations would want to speak too.

41. The CHAIRMAN repeated that the United States representative could re-submit his motion but that, if other delegations also wished to speak after the representative of Iran, the United States representative would have to agree in advance not to re-submit his motion until the statements of those delegations had been made.

42. Mr. ROOSEVELT (United States of America) withdrew his motion for adjournment.

43. The CHAIRMAN pointed out that there were four speakers on the list: the representatives of Iran, Lebanon, France and the United States.

44. Mr. SAMBIRA (Burundi) also asked to be allowed to speak.

45. Mr. CHAMMAS (Lebanon), speaking on a point of order, said that, although he wished to hear the explanations to be given by the representative of Iran, he did not think that the late hour and the present atmosphere were propitious. He therefore moved the adjournment of the meeting.

46. A vote by show of hands having been requested, the CHAIRMAN put the Lebanese motion to the vote.

The motion was adopted by 44 votes to 34, with 10 abstentions.

The meeting rose at 6.35 p.m.

United Nations
**GENERAL
ASSEMBLY**

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1060th
MEETING**

*Monday, 7 November 1966,
at 10.50 a.m.*

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 94

Development of natural resources (A/6303, chap. VII;
A/6460, A/C.2/L.882 and Corr.1, A/C.2/L.883)

1. Mr. AHMED (Pakistan), introducing the draft resolution in document A/C.2/L.883 on behalf of the sponsors, said that the Economic and Social Council had considered at its fortieth session the Secretary-General's proposals for a five-year survey programme on the development of non-agricultural natural resources, which included nine selected global surveys (E/4132, chap. V). At its forty-first session, the Council had considered a further report by the Secretary-General (E/4186) describing his consultations on the five-year survey programme with a group of experts and with the Advisory Committee on the Application of Science and Technology to Development, and the conclusions of those bodies. The Council had subsequently adopted resolution 1127 (XLI), in operative paragraph 3 of which it recommended that the General Assembly should note the progress made and endorse continuing study of the means of implementing the programme. It was in pursuance of that recommendation that the draft resolution was being submitted.

2. As the Under-Secretary for Economic and Social Affairs had pointed out in a statement on the subject at the fortieth session of the Council (1408th meeting), it was the duty of the United Nations to provide assistance to Governments, on request, for the development of their natural resources. The limitations on the contribution the United Nations could make towards implementing the programme were recognized by the sponsors and they hoped that the adoption of the draft resolution would help to stimulate the necessary financial and technical assistance from other sources.

3. Mr. KAUL (India) said that his delegation, which was a sponsor of draft resolution A/C.2/L.883, whole-heartedly endorsed the proposed survey programme, which would be a major advance towards the objectives of the United Nations Development Decade. The development of non-agricultural re-

sources was of vital importance to all developing countries, since the whole process of economic growth, including the improvement of agriculture, was dependent on their development.

4. The Economic and Social Council and the expert bodies consulted by the Secretary-General had approved of the programme; the Council had, however, considered that endorsement by the General Assembly would encourage the voluntary contributions which would necessarily be the main source of funds for the surveys, since only limited help could be expected from the regular budget of the United Nations and the United Nations Development Programme (UNDP). A number of developed countries had, in fact, already expressed their willingness to provide experts and he hoped that such offers would be followed by substantial contributions in cash and kind. The draft resolution was not of a controversial nature and his delegation had little doubt that it would be approved unanimously.

5. Mr. USTUN (Turkey) observed that the steadily growing demand of the world market for non-agricultural resources made it essential to determine the potential of existing natural resources. The proposed survey programme could provide significant benefits for both developed and developing countries. It was to be hoped, however, that duplication of research would be avoided and that the data available from such bodies as the regional economic commissions and the international commodity study groups would be incorporated in the surveys.

6. The natural resources of the developing countries provided the basis for many of their domestic and external economic activities and the increased knowledge resulting from the surveys would, in the long run, make a significant contribution to their economic development. His Government attached particular importance to the assessment of iron ore and non-ferrous metal deposits and to the survey of potential geothermal energy resources. It believed, however, that the host country should decide on the nature and extent of any surveys carried out in its territory and should exercise full control over the survey throughout.

7. The industrially developed countries, as the major consumers of non-agricultural products, would be likely to derive far more benefit from the survey programme than the developing countries. His delegation therefore believed that the programme should be financed on a multilateral basis, chiefly through voluntary contributions from the former countries. His Government would make the services of the Mineral Research and Exploration Institute of Turkey and other competent agencies available for studies carried out in his country and would defray local expenses.

8. In conclusion, he expressed the hope, as a sponsor of the draft resolution, that it would be unanimously approved.

9. Mr. RODRIGUEZ (Philippines) said that the programme proposed by the Secretary-General would enable developing countries to plan their development and establish priorities with full knowledge of their available natural resources; it would also permit the international organizations concerned to base decisions on the granting of assistance on a correct assessment of a country's development potential. There were no controversial provisions in the draft resolution and he hoped it would receive the unanimous support of the Committee.

10. Mr. NEDIVI (Israel) said that his Government had not been in a position to respond earlier to the Secretary-General's request to Governments to communicate their views and comments on the survey programme and the possibilities of financing it. He was gratified to announce his Government's support for the programme and its willingness to provide experts for the surveys. He hoped that means would be found to finance experts from Israel and other developing countries. The funds required for the programme should be provided, at least in part, by UNDP.

11. His delegation would have preferred the draft resolution to endorse the Council's study of the means of implementing the programme in stronger terms and to give more specific recommendations on the methods to be used; it was not, however, opposed to its substance.

AGENDA ITEM 45

Permanent sovereignty over natural resources (*continued*) (A/5803, chap. III, sect. V; A/6430, E/3840, A/C.2/L.870/Rev.2 and Corr.1, A/C.2/L.873/Rev.1, A/C.2/L.874/Rev.1, A/C.2/L.875, A/C.2/L.876, A/C.2/L.880, A/C.2/L.881, A/C.2/L.884, A/C.2/L.885)

12. The CHAIRMAN pointed out that, in addition to the written amendments to draft resolution A/C.2/L.870/Rev.2 and Corr.1, oral amendments had been submitted to operative paragraph 4 and to the last preambular paragraph by the representative of the Netherlands and to operative paragraphs 4 and 7 by the representative of Somalia.

13. Mr. LUBBERS (Netherlands) said that, in order to obviate possible misunderstandings, he wished to make a slight change in the wording of his amendment. His delegation proposed that the words "and to mutually acceptable contractual practices" should be added after the words "of the peoples concerned" in operative paragraph 4 (A/C.2/L.885).

14. Mr. ROOSEVELT (United States of America) said that his delegation wished to withdraw its revised amendments (A/C.2/L.873/Rev.1) in order to facilitate voting on the revised draft resolution.

15. Mr. LOUYA (Democratic Republic of the Congo) thanked the sponsors of the draft resolution for incorporating the substance of his amendment (A/C.2/L.874/Rev.1) which his delegation would therefore withdraw.

16. Mr. CHAMMAS (Lebanon) noted that amendment A/C.2/L.871 had already been withdrawn. He hoped that the Byelorussian delegation would not press its second sub-amendment (A/C.2/L.881): the Committee was not a legislative body and it was for each Government to negotiate the terms on which foreign capital was invested in its territory.

17. Mr. PESHKOV (Byelorussian Soviet Socialist Republic) withdrew the first of the sub-amendments contained in document A/C.2/L.881. His delegation wished to revise the second sub-amendment by the deletion of the word "complete", and to resubmit it as an amendment to the last preambular paragraph.

18. Sir Edward WARNER (United Kingdom) said that his delegation also wished to withdraw its amendments (A/C.2/L.880). However, he requested a separate vote on the sixth preambular paragraph and operative paragraphs 3 and 4 of the draft resolution.

19. Mr. MWENDWA (Kenya) requested the inclusion of his country in the list of sponsors of the revised draft resolution.

20. Mr. RAMAHOLIMIHASO (Madagascar) said that his delegation wished to withdraw the amendment contained in document A/C.2/L.875, which had been taken into account in operative paragraph 9 (a) of the revised text.

21. Mr. RODRIGUEZ (Philippines) said that his delegation had reached an understanding with the sponsors of the draft resolution, and therefore wished to withdraw its amendment (A/C.2/L.876).

22. Mr. WILMOT (Ghana) proposed that the words "on deciding the manner" in operative paragraph 3 should be replaced by the words "of the manner".

23. Mr. GALLARDO MORENO (Mexico) said that the revised Netherlands amendment was unacceptable to his delegation, since it implied the need for international arbitration. The draft resolution must stipulate that the activities of foreign capital were subject to the laws of the country in which it operated. He therefore proposed to add the following words to operative paragraph 4: "since the exploitation of each country's natural resources must be governed by its own laws and provisions".

24. The recommendation contained in the last part of operative paragraph 8 went beyond the functions of the organizations referred to in that paragraph, and he therefore proposed the deletion of the words "as well as the problem of economic utilization of these resources in the national interests of their peoples".

25. Mr. FERNANDINI (Peru), Mr. PAPADOPOLO (Guatemala) and Mr. PEREZ GUERRERO (Venezuela) endorsed the Mexican representative's proposals.

26. Mr. ORTIZ SANZ (Bolivia) said that the amendment submitted by his delegation (A/C.2/L.884) would safeguard the national interest of developing countries in world markets and enable the developed countries to demonstrate their goodwill towards the latter. Bolivia would continue to strive, both in the Second Committee and in the Trade and Development Board, of the United Nations Conference on Trade and Development (UNCTAD), to protect international commodity markets from dumping.

27. Mr. ROOSEVELT (United States of America) said that his delegation would be unable to vote for the Bolivian amendment. Non-commercial reserves were irrelevant to the draft resolution and came within the purview of UNCTAD. Moreover, the free play of supply and demand was not the principle underlying many commodity agreements, including the Third International Tin Agreement. He therefore appealed to the Bolivian representative not to press his amendment.

28. Mr. DELGADO (Senegal) suggested that, in operative paragraph 2 of the draft resolution, the words "in this field" should be inserted after the word "activities". In addition, the word "channel" should be translated in the French text by some such word as "orienter", rather than "diriger".

29. Mr. MARTIN WITKOWSKI (France) agreed.

30. Mr. RAHNEMA (Iran), referring to the statement made at the previous meeting by the United Kingdom representative, said that the International Court of Justice had, in fact, made a distinct difference between treaties concluded between Governments, and agreements between Governments and private foreign enterprises. The Court had clearly indicated that, although the agreement between the Government of Iran and the Anglo-Iranian Oil Company had been concluded through the good offices of the Council of the League of Nations, that did not alter the fact that the agreement was entirely different in nature from the treaties between Governments, and hence, the matter did not fall under the jurisdiction of the Court. He concluded that the Court had thus recognized that nationalization was the reserved domain of the countries owning the resources. That was an expression of the Court's understanding of the exercise of sovereignty by each country over its natural resources.

31. Indeed, subsequent recommendations and decisions of the General Assembly, as well as international practices in that matter, had further confirmed the stand taken by the Court. For example, he referred to General Assembly resolution 1803 (XVII) which stated that nationalization, expropriation and requisitioning should be accompanied by appropriate measures of compensation, thus confirming the accepted principle that such measures were entirely within the jurisdiction of the countries owning the resources.

32. He said that the decisions reached by the International Court of Justice regarding the nationalization of Iranian oil resources and the question of South West Africa were in no way comparable. In the earlier case, Iran had invoked Article 2, paragraph 7, of the United Nations Charter, and the Court's decision that it had no jurisdiction in the matter clearly implied that, in its view, contracts concluded with foreign companies were subject to domestic rather than international law. In the case of South West Africa, however, the Court had held that the applicant countries had not established any legal right or interest in the subject matter of their claims.

33. Mr. MAKEEV (Union of Soviet Socialist Republics) said that the revised Netherlands amendment did not improve the draft resolution, since it could be used to justify pressure exerted by international

monopolies on many developing countries in the conclusion of investment contracts. Furthermore, it made no reference to the basic difference between contracts concluded between sovereign States, which were subject to international law, and those drawn up between a Government and a foreign company or individual, which were subject to domestic law. He therefore hoped that the Netherlands delegation would not insist on its amendment.

34. His delegation fully supported the Mexican amendment to operative paragraph 4 because it defended the interests of the developing countries. However, it was difficult to see how the Mexican amendment to operative paragraph 8 would improve the text which was generally acceptable. His delegation also supported the Bolivian amendment, which would further the legitimate interests of the developing countries.

35. Mr. PITHER (Gabon) suggested that operative paragraph 1 of the revised draft resolution should read as follows:

"Reaffirms the inalienable right of all countries to exercise permanent sovereignty over their natural resources in the interest of their national development, in conformity with the spirit and principles of the Charter of the United Nations and as recognized in General Assembly resolution 1803 (XVII)."

36. Mr. CARANICAS (Greece) said that his delegation could not accept the Netherlands amendment to operative paragraph 4 as it seemed to contravene the principles of international law. He much preferred the Mexican amendment to that paragraph and suggested to the Netherlands representative to withdraw his.

37. He wondered whether the order in which the United Nations organs were listed in operative paragraph 9 (a) had any significance. For example, in operative paragraph 8 the regional economic commissions were mentioned separately but in operative paragraph 9 (a) they were listed after UNCTAD and UNDP. It might perhaps be better to list those bodies in alphabetical order.

38. The Bolivian amendment was really out of place in the consideration of the item before the Second Committee; questions of primary commodity trade were mainly being dealt with in UNCTAD. It also seemed somewhat out of date to speak of "prices determined by the free play of supply and demand". The developing countries themselves were against such a free play and most of them favoured the conclusion of commodity agreements.

39. Sir Edward WARNER (United Kingdom) said he would reserve his position on the legal points raised by the representative of Iran but they did not affect the remarks he had made at the last meeting in reply to the contention of the representative of the Soviet Union (1058th meeting) that Governments were free to break contracts they had concluded with foreign companies without such contracts being protected by international law.

40. Mr. M'BAYE (Guinea) said his delegation would vote in favour of the Mexican amendment to operative paragraph 4 and for the rewording of operative paragraph 1 suggested by the representative of Gabon.

41. Mr. OLSEN (Denmark) supported the Netherlands amendment to operative paragraph 4 and explained that he would be unable to vote for that paragraph unless the Netherlands amendment was included. He could not support the Mexican amendment to that paragraph.

42. Mr. PINERA (Chile) preferred the Mexican to the Netherlands amendment, but still hoped that in the final draft of operative paragraph 4 a compromise could be effected between the two. He supported the Mexican amendment to operative paragraph 8 and paid a tribute to the work of the regional economic commissions, especially the Economic Commission for Latin America. His delegation whole-heartedly endorsed operative paragraph 9 (b), since technology was of vital importance for the developing countries.

43. Mr. WARSAMA (Somalia) reminded the Committee that he had made certain oral amendments to the last paragraph of the preamble and to operative paragraphs 4 and 7.

44. Mr. LUBBERS (Netherlands) explained that his amendment to operative paragraph 4 had been put forward in good faith in order to meet the views of all sides. He failed to see why objections should be raised to the amendment since it referred to contractual practices which were "mutually acceptable".

45. Mrs. THORSSON (Sweden) said her delegation would be unable to vote for operative paragraph 4 without the Netherlands amendment.

46. Mr. MOHAMED AL-ATRASH (Syria) proposed that in the Bolivian amendment to operative paragraph 6, the words "on the foreign exchange earnings of the developing countries" should be substituted for the words "on prices determined by the free play of supply and demand".

47. Mr. MARTIN WITKOWSKI (France) supported that proposal.

48. Mr. ORTIZ SANZ (Bolivia) stressed that his amendment was fully in accord with the purposes of the draft resolution and was not out of place, as several representatives had alleged. The draft resolution mentioned the exploitation and marketing of natural resources and his amendment was designed to remove one of the biggest obstacles to the marketing of commodities, namely, the dumping of non-commercial reserves. The free play of supply and demand was certainly not an outdated concept, as the representative of Greece had remarked. In spite of the Third International Tin Agreement, tin prices were far too low. He accepted the Syrian rewording of his amendment.

49. Mr. VARELA (Panama) wondered whether a compromise might be reached between the Mexican and Netherlands amendments to operative paragraph 4 by using an expression such as "to contractual practices in accordance with the laws of each country".

The meeting rose at 1.10 p.m.

United Nations
GENERAL
ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1061st
MEETING

Monday, 7 November 1966,
at 3.25 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 45

Permanent sovereignty over natural resources (*con-
tinued*) (A/5803, chap. III, sect. V; A/6430, E/3840,
A/C.2/L.870/Rev.2 and Corr.1, A/C.2/L.881,
A/C.2/L.884-886)

1. Mr. BADAWI (United Arab Republic), speaking on behalf of the sponsors of the revised draft resolution (A/C.2/L.870/Rev.2 and Corr.1), thanked the delegations which had withdrawn their amendments and stated the sponsors' position with regard to the amendments which were being maintained.

2. Of the three amendments proposed orally by Somalia (see 1059th meeting, para. 28), the first, which referred to the seventh preambular paragraph, had arisen out of a mistake in the provisional text of the revised draft resolution which had been corrected in the final text; the purpose of the second was to replace the word "peoples" in operative paragraph 4 by the word "countries" and the sponsors hoped that the representative of Somalia would not press it, because it was, in fact, the peoples of the countries concerned who were eventually to benefit from operative paragraph 4; the sponsors had no difficulty in accepting the third amendment, relating to operative paragraph 7.

3. They could also accept the amendment proposed orally by Gabon to operative paragraph 1 (see 1060th meeting, para. 35).

4. With regard to the textual amendment proposed by Ghana to operative paragraph 3 (see 1060th meeting, para. 22), the sponsors preferred to maintain their version, altering it slightly so that the phrase read: "exercise their choice in deciding the manner".

5. The sponsors, with the agreement of the representative of Mexico, had decided to include the Netherlands amendment (A/C.2/L.885) to operative paragraph 4, which would be preceded by a new operative paragraph incorporating the first of the two Mexican amendments (A/C.2/L.886) and worded as follows:

"Declares that the exploitation of natural resources in each country shall always be in accordance with its national laws and regulations".

Operative paragraphs 4 to 9 of the draft resolution would therefore be renumbered 5 to 10.

6. The sponsors did not understand the purpose of the second Mexican amendment, since the regional economic commissions were already dealing with the problem and they hoped that the Mexican delegation would not press it.

7. They also appealed to the representative of the Byelorussian SSR not to press his amendment to the seventh preambular paragraph (A/C.2/SR.881), since the principle underlying it was implicit in that paragraph and in the new text of operative paragraph 4.

8. Lastly, the sponsors unreservedly supported the principle of the amendment to operative paragraph 6 proposed by Bolivia (A/C.2/L.884), as amended by Syria (see 1060th meeting, para. 46), but were unable to agree to include it in their draft resolution, where they believed it would be out of place.

9. Mr. GALLARDO MORENO (Mexico) said that his delegation was withdrawing its amendment to operative paragraph 8 on the understanding that the word "examinen" in the Spanish text would be replaced by "estudien".

10. His delegation would prefer the new operative paragraph which had been read out by the representative of the United Arab Republic to be worded as follows: "Confirms the principle that the exploitation of natural resources shall always be subject to the laws and regulations applicable in each country".

11. Mr. LUBBERS (Netherlands) thanked the sponsors for accepting his amendment; he was gratified that he had been able to reach agreement with the representative of Mexico.

12. Mr. WARSAMA (Somalia) announced that he was withdrawing his amendments.

13. Mr. PESHKOV (Byelorussian Soviet Socialist Republic) said that he was maintaining his amendment to the seventh preambular paragraph, although he agreed to the deletion of the word "complete"; he considered that the spirit in which foreign capital was treated in that paragraph differed from that in the remainder of the draft resolution and that the government control to be exercised over it should be stressed.

14. Mr. ORTIZ SANZ (Bolivia) said that he was maintaining his amendment, as amended by the representative of Syria.

15. Mr. RAHNEMA (Iran) told the Mexican representative that the sponsors of the draft resolution could agree to the replacement of the word "Declares" by the word "Confirms", but that they preferred their text to that read out by the Mexican representative, because it showed more clearly that the laws and

regulations to be applied were those of the countries which owned the resources.

16. Mr. CHAMMAS (Lebanon) regretted that the representative of the Byelorussian SSR was maintaining his second amendment to the seventh preambular paragraph, because he believed that the revised draft resolution fully protected the developing countries' interests and that it was not the responsibility of the United Nations to legislate for those countries; he proposed that, if that amendment was to be put to the vote, the words "government control" should be replaced by "government supervision".

17. Mr. GALLARDO MORENO (Mexico) agreed to the text proposed by the sponsors of the draft resolution for the new operative paragraph, the word "Declares" being replaced by the word "Confirms".

18. Mr. KARIM (Afghanistan) expressed the fear that it might be difficult for some delegations, including his, to support the Byelorussian amendment to the seventh preambular paragraph and asked that representative whether he would be satisfied with the addition, at the end of that paragraph, of the final words of his amendment: "in the interests of national development".

19. Mr. PESHKOV (Byelorussian Soviet Socialist Republic) said that he maintained his amendment in its entirety, although he accepted the proposal of the representative of Lebanon.

20. Mr. Donald MACDONALD (Canada) said, in explanation of the vote he was about to cast, that Canada, although it was a developed country by international criteria, was a net importer of capital for natural resource development and that its situation in that respect was therefore comparable to that of the developing countries. It was due to foreign investment that Canada, despite its rather forbidding climate and topography, had one of the highest per capita incomes in the world and it hoped to continue to derive benefit from such investments. While it was for every country to choose its economic system, the developing countries should, if they wished to accelerate their growth, endeavour to attract the largest possible amount of foreign private investment.

21. In order to secure for Canadians and Canada an equitable share in the revenues derived from their natural resources, while maintaining a balance with the returns investors sought on their capital, Canada had always tried to obtain the maximum economic contribution from investments, to ensure that the operations of investors met broad social objectives, to ensure that Canadians represented as high a proportion as possible of the workers and executives of foreign concerns, to provide training for Canadians in technology and research, to ensure that disputes were settled in accordance with Canadian policy rather than that of the investor's country, and, as far as possible, to have a partnership between Canadian capital and foreign capital.

22. His delegation would have been unable to support the first revised text of the draft resolution (A/C.2/L.870/Rev.1), the provisions of which, in its opinion, might have been prejudicial to the interests of developing countries. The sixth preambular paragraph, for instance, prejudged a situation which

varied from one country to another because, in some cases, the development of natural resources could be more profitable to a country if they were exploited by foreign investors. That defect had been corrected in the new revised text and his delegation was in a position to support the sixth and seventh preambular paragraphs but would vote against the Byelorussian amendment to the latter.

23. Canada favoured the fullest possible participation of nationals of the country in which investments were made in all aspects of resource development and expected foreign investors to offer positions of responsibility to those nationals in their enterprises; he therefore whole-heartedly supported operative paragraphs 4 and 5 of the revised draft resolution. The Canadian delegation would not, however, have been able to support the earlier version of operative paragraph 4 inasmuch as it had implied the re-negotiation of all concession agreements; it believed that, in order to provide the confidence which was essential for foreign investment, all agreements freely concluded should be respected by both parties. The Netherlands amendment had fortunately introduced into operative paragraph 4 respect for the governing principles of international law on the protection of contractual rights. He saw no inconsistency between that amendment and that proposed by Mexico and would support the new operative paragraph.

24. Although he shared the concern aroused by the Bolivian amendment to operative paragraph 6, he would have to abstain on it, in the belief that the issue went beyond the scope of the draft resolution under discussion and was more relevant to the United Nations Conference on Trade and Development (UNCTAD), the Economic and Social Council or even to a separate subject before the Second Committee.

25. His delegation would vote in favour of the draft resolution.

26. Mr. PARDO (Malta), speaking in explanation of vote, stated that all States were sovereign and independent, that the right which they exercised over their natural resources could not be contested, and that, under Article 2, paragraph 7, of the United Nations Charter, the United Nations should not intervene in the decision which each State had to take on whether to exploit its natural resources by itself or with the aid of foreign capital, whether under a socialist or a capitalist system.

27. Permanent sovereignty over natural resources had already been the subject of many General Assembly resolutions, not all of which were referred to in the draft resolution, although it did cite resolution 1515 (XV), which did not seem to be relevant to the matter under consideration, since it related to concerted action for economic development; in particular, the General Assembly, at its twentieth session, had adopted resolution 2131 (XX), operative paragraph 2 of which protected the economic sovereignty of States. Therefore, if the draft resolution was designed only to ensure the exercise of national sovereignty over natural resources, it was unnecessary. On the other hand, operative paragraphs 2 and 8 contained a very serious implication which the Maltese delegation could not accept, namely, that Member States were not capable of exercising permanent

sovereignty over their natural resources without United Nations intervention.

28. Furthermore, the Maltese delegation could not see the connexion between parts A and B of the draft resolution. In part B, paragraph 9 (a) seemed to be unnecessary, since it merely recalled, to no purpose, the co-ordinating role of the Secretary-General. Sub-paragraph (b) could be interpreted in two ways: either the Secretary-General should persuade developing countries to integrate the exploitation of their natural resources in their over-all development programmes—which was undesirable because each State should be free to exploit its resources whenever it wished—or the Secretary-General should ask the United Nations Industrial Development Organization to concern itself with the exploitation of natural resources, which would only lead to further worldwide studies of little value. With regard to sub-paragraph (c), the Maltese delegation would look forward eagerly to the report to be submitted to the twenty-third session of the General Assembly.

29. Finally, the Maltese delegation believed that the draft before the Committee was, at best, unnecessary and would abstain in the vote.

30. Mr. RAHNEMA (Iran), recalling the efforts made by the sponsors to reach a compromise, said their text was based on a delicate balance; in those circumstances, while agreeing with the substance of the Byelorussian and Bolivian amendments, his delegation felt bound to abstain on them.

31. The CHAIRMAN put to the vote the Bolivian amendment to operative paragraph 6 of the draft resolution (A/C.2/L.884), as amended by the Syrian representative.

At the request of the Bolivian representative, a vote was taken by roll-call.

Malawi, having been drawn by lot by the Chairman, was called upon to vote first.

In favour: Malaysia, Mexico, Mongolia, Panama, Paraguay, Peru, Poland, Romania, Rwanda, Spain, Sudan, Syria, Thailand, Trinidad and Tobago, Tunisia, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Republic of Tanzania, Venezuela, Zambia, Argentina, Bolivia, Brazil, Bulgaria, Byelorussian Soviet Socialist Republic, Cameroon, Central African Republic, Chad, Chile, China, Colombia, Congo (Brazzaville), Costa Rica, Cuba, Cyprus, Czechoslovakia, Dahomey, Dominican Republic, Ecuador, El Salvador, France, Gabon, Guatemala, Guyana, Haiti, Honduras, Hungary, India, Indonesia, Israel, Italy, Ivory Coast, Jamaica, Jordan, Kenya, Lebanon, Libya.

Against: United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Malta, Mauritania, Morocco, Netherlands, New Zealand, Niger, Nigeria, Norway, Pakistan, Philippines, Portugal, Saudi Arabia, Senegal, Sierra Leone, Somalia, South Africa, Sweden, Togo, Turkey, United Arab Republic, Upper Volta, Yugoslavia, Afghanistan, Algeria, Australia, Austria, Belgium, Burma, Burundi, Canada, Ceylon, Congo (Democratic Republic of), Denmark, Ethiopia, Finland, Ghana,

Greece, Guinea, Iceland, Iran, Iraq, Ireland, Japan, Kuwait, Liberia, Luxembourg, Madagascar.

The amendment, as amended, was adopted by 58 votes to 2, with 47 abstentions.

32. The CHAIRMAN put to the vote the second Byelorussian amendment to the seventh preambular paragraph (A/C.2/L.881), as amended by its sponsor and by the representative of Lebanon.

The amendment, as amended, was adopted by 35 votes to 17, with 53 abstentions.

33. The CHAIRMAN invited the Committee to vote on the revised draft resolution (A/C.2/L.870/Rev.2 and Corr.1), as amended.

34. Mr. KITTANI (Secretary of the Committee) recalled that the United Kingdom delegation had requested separate votes on the sixth preambular paragraph, operative paragraph 3 as well as on the new operative paragraph 5.

35. Mr. GUEIROS (Brazil) requested a separate vote on operative paragraph 9.

36. Mr. ROOSEVELT (United States of America) requested a separate vote on the new operative paragraph 4.

37. Mr. DELGADO (Senegal) requested a separate vote on operative paragraph 10 (a).

38. The CHAIRMAN put the sixth preambular paragraph to the vote.

At the request of the Iraqi representative, a vote was taken by roll-call.

Ivory Coast, having been drawn by lot by the Chairman, was called upon to vote first.

In favour: Ivory Coast, Jamaica, Jordan, Kenya, Lebanon, Liberia, Libya, Luxembourg, Madagascar, Malaysia, Mauritania, Mexico, Mongolia, Morocco, Netherlands, Niger, Nigeria, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Romania, Rwanda, Senegal, Sierra Leone, Somalia, Spain, Sudan, Sweden, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanzania, United States of America, Upper Volta, Venezuela, Yugoslavia, Zambia, Afghanistan, Algeria, Austria, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cameroon, Canada, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Democratic Republic of), Costa Rica, Cuba, Cyprus, Czechoslovakia, Dahomey, Denmark, Dominican Republic, Ecuador, El Salvador, Ethiopia, Finland, France, Gabon, Ghana, Greece, Guatemala, Guinea, Guyana, Haiti, Honduras, Hungary, Iceland, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy.

Abstaining: Japan, Kuwait, Malta, New Zealand, Saudi Arabia, South Africa, United Kingdom of Great Britain and Northern Ireland, Argentina, Australia, Belgium.

The sixth preambular paragraph was adopted by 97 votes to none, with 10 abstentions.

39. The CHAIRMAN put operative paragraph 3 to the vote.

Operative paragraph 3 was adopted by 98 votes to none, with 7 abstentions.

40. The CHAIRMAN put the new operative paragraph 4 to the vote.

At the request of the representative of the United Arab Republic, a vote was taken by roll-call.

Rwanda, having been drawn by lot by the Chairman, was called upon to vote first.

In favour: Rwanda, Saudi Arabia, Senegal, Sierra Leone, Somalia, South Africa, Spain, Sudan, Sweden, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanzania, Upper Volta, Venezuela, Yugoslavia, Zambia, Afghanistan, Algeria, Argentina, Austria, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cameroon, Canada, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Democratic Republic of), Costa Rica, Cuba, Cyprus, Czechoslovakia, Dahomey, Denmark, Dominican Republic, Ecuador, El Salvador, Ethiopia, Finland, France, Gabon, Ghana, Greece, Guatemala, Guinea, Guyana, Haiti, Honduras, Hungary, Iceland, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Lebanon, Liberia, Libya, Luxembourg, Madagascar, Malaysia, Mauritania, Mexico, Mongolia, Morocco, Netherlands, New Zealand, Niger, Nigeria, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Romania.

Abstaining: United Kingdom of Great Britain and Northern Ireland, United States of America, Australia, Belgium, Japan, Malta.

Operative paragraph 4 was adopted by 101 votes to none, with 6 abstentions.

41. The CHAIRMAN put the new operative paragraph 5 to the vote.

Operative paragraph 5 was adopted by 94 votes to 4 with 4 abstentions.

42. The CHAIRMAN put the new operative paragraph 9 to the vote.

Operative paragraph 9 was adopted by 97 votes to none, with 6 abstentions.

43. Mr. DELGADO (Senegal) said that he would withdraw his request for a separate vote on operative paragraph 10 (a), on condition that note was taken of his delegation's view that the sub-paragraph was out of place in the present resolution and should have been incorporated in the resolution on the development of natural resources.

44. The CHAIRMAN put to the vote the revised draft resolution (A/C.2/L.870/Rev.2 and Corr.1) as a whole, as amended.

At the request of the Iranian representative, a vote was taken by roll-call.

Cuba, having been drawn by lot by the Chairman, was called upon to vote first.

In favour: Cuba, Cyprus, Czechoslovakia, Dahomey, Denmark, Dominican Republic, Ecuador, El Salvador, Ethiopia, Finland, France, Gabon, Ghana, Greece, Guatemala, Guinea, Guyana, Haiti, Honduras, Hungary, Iceland, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Lebanon, Liberia, Libya, Luxembourg, Madagascar, Malaysia, Mauritania, Mexico, Mongolia, Morocco, Netherlands, Niger, Nigeria, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Somalia, South Africa, Spain, Sudan, Sweden, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanzania, Upper Volta, Venezuela, Yugoslavia, Zambia, Afghanistan, Algeria, Austria, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cameroon, Canada, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Democratic Republic of), Costa Rica.

Abstaining: Japan, Malta, New Zealand, United Kingdom of Great Britain and Northern Ireland, United States of America, Argentina, Australia, Belgium.

The revised draft resolution as a whole, as amended, was adopted by 99 votes to none, with 8 abstentions.

Mr. Boiko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

45. Mr. BRADLEY (Argentina), speaking in explanation of his vote, said that, although he had not spoken on the item, he had, during the general statements (1037th meeting), explained his delegation's position on the matter of sovereignty in general and on the way in which it should be exercised in the exploitation of natural resources. Each State interpreted sovereignty, as it understood it, as an absolute, inalienable and indefeasible juridical concept which could be modified only by the will of its people as expressed by their duly elected representatives and national legislation, taking only its own interests into account, an interpretation which was not open to challenge. His country had abided by that principle ever since attaining independence, and had applied, and would continue to apply it in the exploitation of its natural resources, and in the other sectors of its economic, social and political life. It had accepted foreign capital assistance to further its own development and would accept it in future whenever that was to its advantage, while remaining perfectly fair.

46. His delegation considered that certain preambular and most operative paragraphs, together with most of the amendments, were expressions of opinion on the best way of exploiting natural resources, particularly in developing countries, and on the conditions which should govern the acceptance of private foreign capital. While not wishing to comment on the merits of those opinions, his delegation considered that the fact that they had been expressed was an infringement of sovereignty. It had therefore abstained on all sub-paragraphs, paragraphs and amendments affecting sovereignty, although it had supported those which affirmed the concept of sovereignty. Its abstention on the draft resolution as a whole followed logically from its position of principle.

47. Mr. SADI (Jordan) said that, despite its reservations on certain terms, his delegation had supported the resolution in a spirit of compromise and solidarity with the delegations from developing countries. The text finally approved by the Committee was reasonably balanced.

48. Mr. FRANCO (Colombia) said it was obvious that all independent States had the inalienable right to sovereignty and to define, by constitutional and legislative provisions, the conditions governing their acceptance of foreign private capital for the exploitation of their natural resources. The resolution adopted had gone too far in reaffirming a recognized right since there was a danger of creating the impression in the public's mind that the sponsors of the resolution had other ends in view. That might be detrimental to the interests of developing countries seeking private capital for development. His delegation regarded operative paragraph 4 primarily as a definition of the right of developing countries to an equitable share of the profits derived from the exploitation of their natural resources, with the help of foreign capital, rather than as a step towards nationalization.

49. The resolution failed to lay sufficient stress on the international co-operation advocated in General Assembly resolution 1803 (XVII) and the principles established by UNCTAD. Like the Canadian representative, he was convinced of the advantages of international co-operation in the form of investments of foreign private capital for the exploitation of the developing countries' natural resources consistent with their legislation. It was in that spirit that his delegation had supported the resolution, even though it did not consider it entirely satisfactory.

50. Mr. ROOSEVELT (United States of America) explained that his delegation, although agreeing with many of the points in the resolution, had been obliged to abstain during the vote. It approved of General Assembly resolution 1803 (XVII), recognized the importance of the development of natural resources and the desirability of maximizing the rate of economic growth of developing countries, and thought that the developing countries should be able to exercise freedom of choice as to the manner in which their resources should be developed and marketed. All countries should have their proper share in the administration and profits of foreign enterprises within their borders and, on their side, those enterprises should train local nationals in the relevant skills. Furthermore, developing countries should have access to capital and technical knowledge and were entitled to establish their own marketing organizations.

51. At the same time, the resolution overstated its case and might well prejudice the interests of the developing countries. For that reason, the United States delegation had been compelled to abstain on the draft resolution and even to vote against operative paragraph 5 which appeared to recognize that the developing countries had a special "right" to increase their share in the administration and in the advantages derived from the exploitation of their natural resources, when it was carried out fully or partly by foreign capital. That "right" had been qualified to some extent by the Netherlands amendment but the Committee had failed to acknowledge adequately the fact that no country

could escape obligations arising out of international economic co-operation and mutually accepted contractual arrangements. In particular cases, such an increased share might be justified; in others, it might not. It depended on the economic aspects of each situation and on the agreements that had been made.

52. He thought that the reasons which the representative of Malta had given for his abstention were impressive; taking the long-term view, he wondered whether the Committee had really accomplished much.

53. His delegation had voted against the Bolivian amendment because it oversimplified an extremely complex matter. Decisions on the marketing of primary commodities were not taken solely in the light of the foreign currency requirements of the developing countries concerned. He hoped that the discussion of that question in UNCTAD would clarify the situation.

54. Regarding operative paragraph 4, proposed by the Mexican delegation, the United States delegation, in spite of its generally positive attitude in such matters, had been compelled to abstain, on the grounds that the amendment did not go far enough and was not sufficiently explicit.

55. He was also concerned over the last part of operative paragraph 5; its wording was unacceptable from the legal point of view, particularly regarding the rights and obligations of Governments in the field of international law. It seemed to have certain implications which were not in the minds of the sponsors. Operative paragraph 5 might well discourage the flow of public and private foreign capital towards the developing countries when in fact that flow should be increased in the interests of development.

56. Hence, in spite of all the efforts made to reach an agreement, the United States delegation had been unable to vote for a resolution which, in its opinion, was not in the interests of the developing countries themselves. No country in history had demonstrated more concern for the well-being of its fellow-men than the United States and it would continue to demonstrate that concern in practical ways.

57. Mr. ABE (Japan) said that his delegation was well aware of the fact that certain developing countries were still going through considerable difficulties in dealing with the situation arising from the exploitation of their natural resources by foreign investors. He therefore fully appreciated the genuine intent of the developing countries concerned and noted their statements that the objective of the draft resolution was not to discourage foreign capital, but to find out better ways and means by which those developing countries, while freely exercising permanent sovereignty over their natural resources with due regard to the legitimate rights of foreign investors could increase the foreign capital inflow for their development.

58. If the draft resolution had accurately reflected their true intent, that text, combined with General Assembly resolution 1803 (XVII), could have evolved a set of principles which would further promote international co-operation for the exploitation of natural resources on a more stable and equitable

basis. In its present form, however, the text did not satisfy his delegation. In particular, operative paragraph 5 could lead to unfavourable repercussions on the part of foreign investors. His delegation, therefore, had voted against that paragraph and had abstained on the draft resolution as a whole.

59. Mr. PIÑERA (Chile) said that his delegation had voted for the draft resolution which faithfully reflected the position of the Chilean Government. That Government considered that foreign private capital played a positive role and strengthened the efforts made by the developing countries to develop their natural resources. Nevertheless, such capital must be subject to some extent to the constitutional decisions of the recipient countries. Twenty-five years ago, the Chilean copper mines had been owned exclusively by foreign companies. Since then Chile had substantially modified the system of copper holdings. Without resorting to expropriations, the Chilean State had acquired majority shares in the mining companies in spite of much advice to the contrary given by the industrial countries concerned.

60. His delegation had voted for the Bolivian amendment, for the history of tin-mining in that country was well known. It had not only been impossible to stabilize tin prices, which were already very low, but the wages of Bolivian miners were ridiculously inadequate when it was considered that an hour of their labour brought in between one and two dollars to foreign companies. The draft resolution took into account the profound changes that had taken place in foreign investment in the developing countries.

61. Mr. TADJO (Ivory Coast) explained that his delegation had voted for the amendments submitted by Mexico and Bolivia as well as for the draft resolution as a whole, but had abstained on the Byelorussian amendment. His delegation would have abstained on the Bolivian amendment if Bolivia had not accepted the sub-amendment proposed by Syria and supported by France.

62. There were political and economic dangers involved in the dumping of non-commercial reserves of primary commodities by the developed countries but it was wrong to conclude that free play should be given to supply and demand. The stocks in question would not be eliminated and the countries holding them could, as in the case of natural rubber, as opposed to synthetic rubber produced by the developed countries, and in the case of cotton and tin, threaten the economy of whole regions. In the absence of commodity agreements, the Bolivian amendment might well remain a pious hope. The Byelorussian amendment could have disastrous consequences for the developing countries which sought the help of foreign capital without recourse to legislative measures likely to frighten investors. The Mexican amendment gave them the safeguards they needed in that respect.

63. Mr. HOGENDORP (Netherlands) said that the reasons why his delegation had voted in favour of the draft resolution had been foreshadowed by the statement of 18 October 1966 of Mr. Bot, the Netherlands Minister in charge of development aid. Mr. Bot had then mentioned the possibility of preparing what he had called a charter of development, parts of which

already existed, in order to arrive at a more solid foundation of international development policies and thus reduce the gap between the developed and the developing countries. The draft resolution was a step towards the elaboration of a detailed code of that type and, in spite of its limited objectives, it represented a valuable contribution to the United Nations Development Decade. A number of problems which the draft resolution tried to solve were of direct concern to the Kingdom of the Netherlands and more especially to Surinam and the Netherlands Antilles; the Netherlands delegation was glad that the words "all countries" had been included in operative paragraph 5. It had never shared the fears which had been expressed about trends towards autarky which were brought up during the discussion of the sixth preambular paragraph and operative paragraph 3. Actually, operative paragraph 2 gave the United Nations an important role in the efforts to ensure the exploitation and marketing of the resources of the developing countries by those countries themselves; the Charter of the United Nations was not a document likely to encourage economic autarky.

64. Operative paragraph 5 had given rise to long and difficult discussions. Certain representatives had interpreted that paragraph as an attempt to denounce existing agreements and contracts between Governments and foreign investors. There was nothing to suggest, in the first place, that the provisions of that paragraph would have retroactive effect. Moreover, the Netherlands amendment referred to mutually acceptable contractual practices. One of those practices consisted in providing for revision clauses. The basic idea of the draft was that the developing countries had the right to improve their negotiating position.

65. Mr. DJOUDI (Algeria) said that his delegation had voted for the draft resolution as a whole, but had abstained on the Bolivian amendment, although not unaware of its intrinsic value. Such an amendment would be appropriate in a draft resolution concerning the problems of world trade, and his delegation would have no hesitation in supporting it in such a context. The text of the draft was the product of co-operation and conciliation efforts which had, in particular, made it possible to incorporate the essential idea of equity.

66. Mr. DE GRAUW (Belgium) said that, despite the improvements made by the sponsors of the draft, it had not been possible for his delegation to reverse its decision to abstain in the separate votes and in the vote on the draft resolution as a whole. In his view, the resolution was neither adequately formulated nor sufficiently well thought out, particularly in some of its legal aspects. The confused wording of certain paragraphs, especially operative paragraph 5, was not likely to facilitate the realization of the goals which the sponsors had in mind. The final text also left out a number of principles relating to respect for freely concluded agreements and to safeguards for invested capital.

67. His delegation considered, moreover, that the text of the resolution failed to give due emphasis to some of the norms of international co-operation and certain principles of international protection. In particular, operative paragraph 5, as now worded, seemed to trespass on the reserved domain of sovereign

States. It was, in fact, the prerogative of every Government to formulate its policy and draw up its legislation in accordance with its own economic ideas and its own conception of its interests. It was improper for the United Nations to proclaim rights which could exist only under certain national legal systems, and then only if the Governments concerned decided to incorporate them in those systems. His delegation had voted against the Byelorussian amendment because it considered that it ran counter to the principle of the reserved domain of States and that every Government had to decide for itself whether or not to establish a system of control over foreign capital invested in its territory.

68. It had abstained on the Bolivian amendment because the issue it raised was but one particular aspect of the question of the organization of commodity markets, which was being studied by UNCTAD and the Food and Agriculture Organization of the United Nations. Belgium had always avoided giving support to general approaches involving raw materials as a whole and had expressed its preference for a selective product-by-product approach. His delegation had considered sympathetically the amendments submitted by Mexico and the Netherlands. However, they did not improve the text sufficiently to make the paragraphs concerned acceptable to him.

Mr. Reisch (Austria), Rapporteur, took the Chair.

69. Mr. O CLERIGH (Ireland) said that his delegation had voted in favour of the draft resolution because it considered that the developing countries had the same right to exercise their national sovereignty as any other country, and that sovereignty, being indivisible, applied to the economic as well as the political sphere. However, the principle of sovereignty neither required nor imposed the adoption of any particular economic policy. It had often been pointed out that the lack of outside capital was one of the major obstacles to the economic progress of the developing countries. It was therefore important that those countries should adopt policies designed to attract foreign investment to the extent that they required them. A sovereign State had, of course, the right and duty to see that its workers were not exploited or its resources pillaged. Nevertheless, as the Minister for External Affairs of Ireland had said in the General Assembly at its fifteenth session (890th plenary meeting), if it assumed the right to confiscate foreign capital without compensation, its resources would be left underdeveloped, or they would be developed at the cost of heavy and sustained hardship and sacrifice on the part of the people concerned, as had happened in the Soviet Union, or else they would be developed by foreign State investment involving serious dangers for the independence of the recipient country.

70. Mr. NEDIVI (Israel) said that his delegation had not participated in the general debate because it believed that, since the principle of permanent sovereignty over natural resources could not be questioned, it did not need to be reaffirmed. It had voted in favour of the draft resolution in order to demonstrate its sympathy for the point of view of the other developing countries. His delegation nevertheless objected to the reference to the United Nations Econo-

mic and Social office in Beirut and reserved the right to revert to that matter in due course.

71. Mr. KADLEC (Czechoslovakia) said that if the Netherlands amendment had been voted on separately, his delegation and the delegations of the other socialist countries would have voted against it. The socialist countries' votes should be interpreted as a reaffirmation of the original sense of the old operative paragraph 4. The concept of mutually acceptable contractual practices should likewise be interpreted as safeguarding the interests of the developing countries.

72. Sir Edward WARNER (United Kingdom) said that his delegation had voted against operative paragraph 5 and had abstained on the sixth preambular paragraph, operative paragraph 3, operative paragraph 4 and the resolution as a whole. With regard to operative paragraph 4, his delegation endorsed the observations of the United States representative. The draft lacked the balance of General Assembly resolution 1803 (XVII), and some of its provisions departed from the principles set out in operative paragraph 8 of that resolution. In abstaining on the resolution as a whole, his delegation had wished to insist, in the general interest, that due regard must be paid to existing commitments and to the relevant principles of international law.

73. He noted with satisfaction that many delegations from developing countries had stated that they had no desire to discourage foreign private investment in their countries. He hoped that those statements would serve to reassure foreign investors, despite the lack of adequate safeguards in the resolution. Multilateral aid through United Nations agencies, whether existing or to be created, could not, in fact, replace the present volume of foreign private investment.

74. His delegation had voted against the Bolivian amendment despite the fact that it had much sympathy with the motive of the Bolivian delegate. The amendment seemed out of place in a resolution of the present type. Furthermore, in its imprecise formulation, it appeared to call in question the basis of any existing commodity agreements, even those concluded with the full concurrence of developing countries.

75. Mr. INGRAM (Australia) said that the developing countries were often at a disadvantage in negotiations and did not always have an adequate share in profits and management. Australia, whose experience in the exploitation of natural resources was in many respects similar to theirs, had the greatest regard for the developing countries' aspirations and, under Australian legislation, private Australian firms were encouraged to invest abroad in mixed enterprises. However, foreign capital and know-how were also essential for the effective exploitation of natural resources, and he was impressed by the large number of representatives from developing countries who had stressed that nothing should be done to frighten off foreign investors. Nevertheless, the draft resolution did not take sufficient account of such economic requirements. The text, which tended to mix legal and economic considerations, was much less clear than what he judged to be the intentions of the Committee, and that had led his delegation to abstain in the vote on the draft

resolution as a whole. The text proposed in the Bolivian amendment would, in his view, be more appropriate in a special resolution of the General Assembly or UNCTAD.

76. Mr. LOBANOV (Union of Soviet Socialist Republics), exercising his right of reply, said he felt that the representative of Ireland had represented foreign capital as a universal remedy for under-development and the only key which could open the doors to a new paradise. He had asserted, in particular, that the hardships of the peoples of the Soviet Union were due to the fact that they had not called upon such capital. Such a theory did not stand up to scientific analysis and did not take account of the facts. It was well known that

the cause of the hardships suffered by the Soviet Union had been the aggressive manoeuvres of the imperialists and fascists. It was, on the contrary, because it had not used foreign capital that the Soviet Union had been able to build up a strong economy which served the interests both of its people and of the international community. The very small amount of foreign capital at present invested in the USSR was subject to strict governmental control.

77. Mr. O CLERIGH (Ireland) said that he had been misunderstood by the representative of the Soviet Union. His delegation believed that sovereign States which needed foreign capital should be able to obtain it.

The meeting rose at 6.25 p.m.

United Nations
**GENERAL
ASSEMBLY**

TWENTY-FIRST SESSION

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**SECOND COMMITTEE, 1062nd
MEETING**

Tuesday, 8 November 1966,
at 10.40 a.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 94

Development of natural resources (continued)* (A/6303, chap. VII; A/6460, A/C.2/L.882 and Corr.1, A/C.2/L.883, A/C.2/L.887, A/C.2/L.888)

1. Mr. ROOSEVELT (United States of America) said that although 71 per cent of the earth's surface was covered by the seas, mankind knew little of their vast potential. The time had come for modern technology to develop that potential for the benefit of all nations.

2. In the United States, a cabinet-level council had been established to plan and conduct a co-ordinated federal programme in marine science for the benefit of all mankind and to foster international co-operation in that field. Increased marine knowledge could contribute significantly to increasing the world's supply of food, a major concern of the United Nations: the resources of the sea, if properly exploited, could yield substantial quantities of protein-rich foods and thus alleviate malnutrition in many areas of the world. His Government had recently authorized the establishment of pilot plants for the processing of fish-protein concentrate with the object of increasing supplies of protein-rich food-stuffs for the developing countries. Samples of the products would be provided for use in the research programmes of the international agencies concerned, to private industries interested in developing low-cost high-quality foods for developing nations, and to scientific institutions which would carry out the necessary feasibility studies and technical research.

3. International co-operation in marine science should also cover technological training. The existing shortage of oceanographers, to which the United Nations Educational, Scientific and Cultural Organization (UNESCO) had recently drawn attention, indicated the need for improving scientific and technological education in marine science, including fisheries technology: the United States intended to designate special training centres for personnel from the developing countries and hoped that similar measures would be taken by other countries.

4. In the past, the Intergovernmental Oceanographic Commission of UNESCO, the Food and Agriculture Organization of the United Nations (FAO), the World

Health Organization (WHO) and other international bodies had done much valuable work on marine problems. The increasing complexity of the work to be done, however, called for more effective ways of co-ordinating and administering programmes.

5. The draft resolution on resources of the sea (A/C.2/L.882 and Corr.1), which he introduced on behalf of the sponsors, accordingly requested the Secretary-General, in consultation with all the organizations concerned, to make a comprehensive survey of all activities relating to marine science and technology currently being undertaken by the international community; that survey would then be used as the basis for a programme for the proper exploitation of marine resources and the provision of training facilities. The draft resolution was complementary to the one concerning the continuing study of the development of natural resources, and the United States delegation would support the passage of both resolutions. The fact that the Secretary-General had received substantial contributions from non-official organizations within the United States towards the cost of those studies established by Economic and Social Council resolution 1112 (XL), indicated the support within his country for marine resources studies by the United Nations family.

6. Mr. BACKES (Austria) said that his delegation, which was a sponsor of the draft resolution on the development of natural resources (A/C.2/L.883), warmly endorsed the five-year survey programme. The concerted approach to be used in the surveys was symptomatic of the trend towards the integration of all economic activities for a common purpose. It was also indicative of the world community's new awareness of the need to take long-term developments into account in the decision-making process; information of the kind the surveys would provide was required by all those concerned with the long-term planning of economic development and therefore to all nations, both developed and developing. Moreover, by testing the value of a comparative approach to resource development, the surveys might well produce some sort of generally applicable methodology. On the national level, the programme would encourage the establishment of national agencies to co-ordinate resources development and help Governments to decide which resources offered the most promising prospects.

7. The survey programme would be carried out in three stages: existing documentary information would be evaluated, gaps in the information would be filled, and the countries concerned would learn which resources were likely to make the most useful contribution to their development. Of the nine subjects proposed for the surveys, those relating to the development

*Resumed from the 1060th meeting.

of international rivers and the water needs and resources in water-short developing countries were probably of the most immediate interest to the developing world. The social and economic data being collected within the framework of those two surveys, combined with the hydrological data compiled by national committees in connexion with the International Hydrological Decade, were extremely valuable and co-ordination of the two surveys with the activities of the Decade was therefore highly desirable, if duplication of work and expenditure was to be avoided. Such co-operation should, however, take the central points of the two surveys into consideration.

8. A basic requirement for international co-operation in the development of international rivers was that the facts should be generally accepted and accessible. The proposed survey would provide the objective information required for a reliable assessment of the potential of a number of relatively unexplored international rivers.

Mr. Boiko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

9. Mr. KJARTANSSON (Iceland) said that the development of the resources of the sea to the fullest possible extent was in the interests of all countries. The utilization of marine food resources was of particular importance to the world community in view of the likelihood that agricultural production could not be expanded rapidly enough to keep pace with the growth of world population. It was essential, however, that the danger of depletion through over-exploitation should be borne in mind. The problem of depletion had already arisen in the North Atlantic fishing grounds; the solution in that instance lay in international co-operation aimed at conserving fish stocks, and similar precautions would have to be taken in any programme for the intensified exploitation of marine resources.

10. In the matter of developing, exploiting and conserving the food resources of the ocean, the interests of his country's economy coincided with those of the world as a whole: the economy of Iceland was, in fact, based primarily on fishing. Fish and fish products constituted 90 per cent of its exports, which explained his Government's concern about the conservation of marine resources. For that reason, Iceland was a sponsor of the draft resolution contained in document A/C.2/L.882.

11. Mr. SVAB (Czechoslovakia) reaffirmed his delegation's support for the long-term survey programme. While it was not possible to establish a scale of priorities to meet the requirements of all developing countries, the Czechoslovak delegation believed that, of the nine proposed surveys, preference should be given to those concerned with important non-ferrous metals, water needs and resources in potentially water-short developing countries, small-scale power generating plants, and abandoned or undeveloped mines. In addition, the proposed survey on oil shale resources might be replaced by one on fuel resources in general, including petroleum and natural gas, as proposed in one of the Polish amendments (A/C.2/L.887).

12. In view of its importance to developing countries, the survey programme should be financed through the United Nations Development Programme (UNDP). In that connexion, it was important to ensure that one of the objectives common to all nine surveys, that of preparing specific projects for investment proper from multilateral and bilateral sources of technical and capital assistance, must be pursued in the light of the requirements of the countries receiving such assistance, and not in the interests of those who sought profitable investments.

13. Czechoslovakia strongly supported the five-year programme and would offer the services of the Deputy Director of the Czechoslovak Institute of Geology as an initial contribution to the programme. As a land-locked country, Czechoslovakia had no comments to make on the draft resolution on the resources of the sea, and wished merely to stress the need to avoid duplicating the work already being done on marine resources.

14. Mr. GAGLIOTTI (United Nations Educational, Scientific and Cultural Organization) said that UNESCO supported any initiative which might lead to additional resources to be devoted to marine sciences. The General Conference of UNESCO was considering its work on oceanography in connexion with the 1967-1968 budget, and had just passed a resolution on the subject, the terms of which had been transmitted to the Secretary-General. The resolution, *inter alia*, called on the United Nations and its specialized agencies to use fully the results of the work carried out by the Intergovernmental Oceanographic Commission and UNESCO's programme in oceanography, and authorized the Director-General to support fully the implementation of UNESCO's current oceanographic programme.

15. He would be glad to provide any further information which the Second Committee might require on UNESCO's work on marine resources.

16. Mr. NENEMAN (Poland) said that his delegation, while welcoming the proposed five-year survey programme, had some reservations as to the choice of individual surveys. Although some of them were essential for economic development, the programme did not include others, relating to petroleum and natural gas, which played a primary role in accelerating economic growth rates. The negative approach of some United Nations bodies to those resources was both unjustified and harmful to the developing countries: only two or three of several hundred UNDP projects related to petroleum, while the activities of the Resources and Transport Division in that connexion were also very limited. The long-term programme should therefore include petroleum and natural gas surveys. Other surveys, such as those on geothermal energy or oil shale, which were more experimental and of uncertain benefit, could be postponed. The Polish delegation had therefore submitted three amendments (A/C.2/L.887) to the draft resolution contained in document A/C.2/L.883.

17. The development of natural resources should be studied in the context of prevailing economic conditions, rather than from the purely geological and technological viewpoint. In that connexion, the reso-

lution on permanent sovereignty over natural resources, approved by the Committee at its last meeting,^{1/} was of particular significance. Surveys concerned with natural resources and their exploitation, particularly in the matter of power, should help to speed up industrialization in developing countries. Again, studies on the exploitation of natural resources should take full account of the special needs of those countries, since the labour-saving and capital-intensive techniques of the highly industrialized countries could not be automatically applied to them.

18. The survey programme should focus on facilitating the establishment of research centres in regions with untapped natural resources. The centres should be under direct government control, although they could of course co-operate with foreign institutions. Geological research institutes in Poland would, if requested, provide experts and equipment for a number of the surveys in the programme. In order to avoid wastage and duplication, the principal source of financing for the programme should be UNDP.

19. Mr. NEDIVI (Israel) said that, in view of the limited resources available and the additional burden which the long-term survey programme would place upon the Secretariat, his delegation feared that the adoption of the draft resolution on the resources of the sea might be excessive. There was a need to co-ordinate the United Nations programme on natural resources and to establish a scale of priorities, but the draft resolution was not really a step forward. Serious thought should be given before launching new programmes. His delegation thought that Economic and Social Council resolution 1112 (XL) on the resources of the sea, was adequate for the time being, but he would respect the wishes of the Committee. He also suggested that the exploitation of the sea's food potential might perhaps be incorporated in one of the existing United Nations programmes for increasing food production.

20. Mr. KADRY (Iraq) said that the long-term programme would initiate active United Nations participation in the development of natural resources throughout the world and promote the integration of the relevant international work of such organizations as UNDP and the International Bank for Reconstruction and Development. In his statement to the Council, at its fortieth session (1408th meeting), the Under-Secretary for Economic and Social Affairs had pointed out that the nine proposed surveys had certain objectives in common. Those objectives must be kept constantly in view in searching for ways and means of developing natural resources, and the Iraqi delegation had therefore strongly supported Council resolution 1127 (XLI).

21. His delegation hoped that the draft resolution on the development of natural resources (A/C.2/L.883), of which it was a sponsor, would receive the unanimous approval of the Committee. It also supported the draft resolution on the resources of the sea (A/C.2/L.882 and Corr.1), which would further international co-operation.

Mr. Tell (Jordan) resumed the Chair.

^{1/} Subsequently adopted by the General Assembly as resolution 2158 (XXI).

22. Mr. Shen-Fu CHANG (China) recalled that his Government's views on the long-term programme were fully set out in its reply to the Secretary-General's note verbale (see E/4186/Add.1, annex). Since requirements and interests varied greatly from country to country, priorities should be set in the light of the practical advantages to the economies of developing countries and of the number of countries which would benefit from a particular survey.

23. The regional economic commissions could play a valuable role in the long-term programme, and shared the view expressed by the New Zealand Government (*ibid.*) that exploratory surveys of individual or regional resources in particular fields would prove more useful to the less developed countries than global surveys. The programme could probably be financed to a great extent through UNDP, particularly since some developed countries had expressed their readiness to provide additional funds.

24. China fully supported both draft resolutions in their present form, particularly the draft resolution on the resources of the sea.

25. Mr. CHAMFOR (Cameroon) said that the crucial importance of natural resources for economic development had long been recognized. The Government of Cameroon had taken steps to further the exploitation of its natural resources, including the building of a new railway to open up the considerable bauxite reserves in the north of the country. In addition, it was co-operating actively with its partners in the Equatorial Customs Union for the full exploitation and marketing of those resources.

26. His delegation hoped that the five-year survey programme, which it fully supported, would not merely lead to the better exploitation of known resources, but would also bring to light others as yet undiscovered. The programme would also provide an opportunity for the developed countries to assist the developing countries in promoting this economic growth.

27. Cameroon fully supported the draft resolution on the development of natural resources and wished to be included in the list of its sponsors; it reserved the right to comment later on the draft resolution on the resources of the sea.

28. Mr. HAMEED (Ceylon) said that his delegation fully supported the draft resolution on the resources of the sea, for marine resources were of particular interest to his country, an island surrounded by the unexplored wealth of the Indian Ocean.

29. Global surveys of the type envisaged in that draft resolution could be adopted as a long-term objective, but, in view of the limited funds available, a programme of the proposed magnitude might result in a dissipation of effort. At the fortieth session of the Council, the Under-Secretary for Economic and Social Affairs had said that the programme could not be financed wholly or even mainly from the regular budget of the United Nations, and that it would be desirable for Governments of industrialized countries to take on some of the projects. So far, however, the response had not been encouraging, for many developed countries had stated that they would be unable to contribute. Furthermore, the implementation

of the programme might raise political problems and its very magnitude and complexity would make it difficult to carry out in the near future.

30. In view of those circumstances, his delegation agreed with the Soviet Union that at present it was "more important and urgent ... to help the developing countries to establish national geological services, institutes or establishments which could take charge of work both for the assessment of existing natural resources and for the prognostication and exploration of new raw materials" (see E/4186/Add.1, annex). His country had already established a geological survey department which was surveying the island with a view to preparing a geological map and an inventory of mineral resources. To be successful, that undertaking needed foreign personnel, pending the training of Ceylonese. On the basis of its own experience, therefore, his Government considered that priority should be given to assisting developing countries to establish or strengthen their national geological services.

31. Mr. VARELA (Panama) said that Panama was sponsoring the draft resolution on the resources of the sea because it was seriously concerned about the depletion of its fishing resources. It seemed that UNESCO felt that the draft resolution did not take due cognizance of its marine research work; however, the third preambular paragraph took account of its activities and operative paragraph 2 requested the Secretary-General to undertake the proposed survey in consultation with it. The implementation of the draft resolution would not raise any political difficulties, since operative paragraph 2 requested the Secretary-General to carry out the survey in consultation with "the Governments of interested Member States".

32. His delegation, which had voted in favour of Council resolutions 1113 (XL) and 1127 (XLI), was also a sponsor of the draft resolution on the development of natural resources. He could not support the new operative paragraph proposed by the Polish delegation (A/C.2/L.887) in its present form, for, while agreeing that surveys on petroleum and natural gas were highly desirable, he could not agree that any of the other proposed surveys were of lesser practical importance. He therefore suggested that the Polish amendment should be revised to read "Requests the Secretary-General to include in the five-year programme of natural resources surveys, to the extent that the financial resources of the Organization allow, surveys on petroleum and natural gas". It should be remembered, however, that the additional surveys would substantially raise the cost of the programme. His delegation was opposed to the idea of financing some of the surveys through UNDP, for the latter's resources should not be diverted from technical assistance and pre-investment activities.

33. Mr. PARDO (Malta) agreed with the United States representative that a survey of the present state of knowledge of the resources of the sea other than fish would be of great interest, but it would not add to that knowledge, facilitate the exploitation of those resources or lead to a speedy increase in food supplies. In view of the limited financial resources available, the potential benefits of the survey should be evaluated in relation to the continuing and proposed

natural resources programmes of the United Nations system. He therefore had amendments (A/C.2/L.888) to submit to the draft resolution on the resources of the sea.

34. Mr. HOGENDORP (Netherlands) agreed that further co-ordinated study of natural resources was desirable. He would not therefore comment on the substance of draft resolution A/C.2/L.883, but wished to make some suggestions concerning working methods. He agreed with the Advisory Committee on the Application of Science and Technology to Development, which had some doubts as to whether a further survey of iron-ore resources would be of specific value in relation to the needs of the developing countries (see E/4186, annex II). He also had doubts as to the immediate utility of some of the other proposed surveys, although others were obviously important to the developing countries. It might therefore be advisable to concentrate on three or four of the latter surveys, on the basis of the sub-division into minerals, water resources and energy, mentioned in Council resolution 1127 (XLI), operative paragraph 2 (d). The mineral surveys should exclude iron ore and oil.

35. His delegation would support the draft resolution on the resources of the sea, and endorsed the Icelandic representative's remarks concerning the importance of the seas' resources.

36. Mr. POLIT (Ecuador) said that his delegation, which was a sponsor of both draft resolutions, hoped that they would command unanimous support, for the study and rational exploitation of natural resources was of interest to both the developed and the developing countries.

37. Mr. OLSEN (Denmark) said that the proposed five-year survey programme would be of great importance in planning future national and international development of natural resources. Since the survey would be closely related to much of the pre-investment work being done by UNDP, close co-operation between that body and the United Nations Secretariat was essential in order to avoid duplication and overlapping. Similarly, a close working relationship should be established, possibly through a co-ordinating committee, with the specialized agencies doing related work. The survey should concentrate on areas where resource bottlenecks existed, rather than areas which had already been explored and areas where resources were known to be plentiful.

38. His Government was not in favour of the current tendency in the United Nations to set up funds for specific purposes and, consequently, it opposed the establishment of a fund to finance the survey. That part of the survey that came within the terms of reference of UNDP should be financed under the latter, and other parts could be financed out of the regular budget. When more specific survey plans were available, his Government would consider how it could contribute.

39. His delegation would vote in favour of the draft resolution on the resources of the sea of which it was a sponsor, and hoped that it would command general support.

40. Mr. WARSAMA (Somalia) said that his delegation fully supported the substance of the draft resolution

on the resources of the sea, but wished to suggest some minor amendments. In the third preambular paragraph, the word "private" should be deleted, for public organizations too might be interested. In the fourth preambular paragraph, it would be advisable to delete the words "in order to avoid duplication or overlapping of efforts in this field". In operative paragraph 2, the words "the field of" should be inserted after the words "survey of activities in". In operative sub-paragraph 3 (a) the word "international", after the word "effective", was superfluous and should be deleted. The wording of that sub-paragraph was unclear: it seemed to imply that "the exploitation and development of marine resources" would "assist in better understanding of the marine environment", and he would welcome clarification of that point. Operative paragraphs 4 and 5 should be combined in a single paragraph, reading "Requests that the survey and proposals prepared by the Secretary-General be referred to the Advisory Committee on the Application of Science and Technology to Development and submitted to the twenty-third session of the General Assembly, through the Economic and Social Council."

41. Mr. LAI (Malaysia) said that he fully supported the draft resolution on natural resources. His country was particularly interested in the survey of important non-ferrous metals and of selected—abandoned or undeveloped—mines in developing countries, for tin was one of its two most important exports and known deposits were being rapidly depleted. His Government had carried out a tin survey, with particular reference to under-developed mines because of marginal deposits: it would be happy to share its findings with others, and would also welcome any assistance the United Nations could offer in that respect.

42. He supported the draft resolution on the resources of the sea and was particularly glad to note that it requested the Secretary-General to undertake the proposed survey in consultation with UNESCO and FAO. In his view, however, the main problem at present was not to increase fish stocks but to improve catching methods and modify eating habits in developing countries so as to derive the fullest advantage from sea-food resources.

The meeting rose at 1 p.m.

United Nations
**GENERAL
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TWENTY-FIRST SESSION

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**SECOND COMMITTEE, 1063rd
MEETING**

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 94

Development of natural resources (continued) (A/6303, chap. VII; A/6460, A/C.2/L.882 and Corr.1, A/C.2/L.883, A/C.2/L.887-890)

1. Sir Edward WARNER (United Kingdom) said that he supported the draft resolution on the development of natural resources (A/C.2/L.883) and hoped that the Economic and Social Council would be successful at an early date in establishing means by which the five-year survey programme could be implemented. He noted that the Secretary-General, in accordance with Council resolution 1127 (XLI), was to make an interim report on the implementation of the programme to the resumed forty-first session. He did not believe that it was for the Second Committee to decide on the inclusion in the programme of a survey of petroleum and natural gas and hoped that the representative of Poland would not press his amendments (A/C.2/L.887). The programme had already been reviewed by a group of independent experts, by the Advisory Committee on the Application of Science and Technology to Development and by the Economic and Social Council. There might still be a case for changing its contents, but not at such short notice in the Second Committee.

2. Without questioning the great importance of the resources of the sea, he shared some of the doubts expressed by the representatives of Israel and Malta concerning the draft resolution on that subject (A/C.2/L.882 and Corr.1), namely, that a vast new and continuing activity in the United Nations might be opened up without adequate consideration of the financial and other implications: his delegation would therefore abstain with regret.

3. Mr. ELM (Iran) hoped that the interim report to be submitted by the Secretary-General on his five-year survey programme would offer the developing countries further opportunities to develop their non-agricultural resources. Those surveys should, however, be limited to the most promising possibilities, because they were so expensive, especially those that would deal with petroleum and natural gas, if the Polish amendments were adopted. It would be better to discuss the surveys requested by the Polish representative later, when the Committee had detailed information on the cost.

4. He supported the draft resolution on the resources of the sea which were still badly exploited and looked forward eagerly to the result.

5. Mr. FERNANDINI (Peru) said that Peru, with 2,000 kilometres of coastline, owed its economic stability mainly to fishing and to its fish production—the world's largest. Experiments had been made with fish flour intended for human consumption, the high protein content of which could help to alleviate the world food shortage. But Peru was also interested in developing sea resources other than fish. That was why his delegation was a sponsor of the resolution on resources of the sea, which might have to be amended to include a reference to closer co-operation with the United Nations Educational, Scientific and Cultural Organization (UNESCO) and an extension of the studies on which UNESCO was at present engaged in that connexion.

6. The draft resolution on natural resources was not controversial. The sponsors had, however, not yet managed to hold an exchange of views on the amendments submitted by Poland, but, in view of the high cost of the surveys requested therein and of the limited resources available for the project, it might be better for the surveys on petroleum and natural gas to be the subject of another resolution, after the funds necessary for undertaking them had been found.

7. Mr. INGRAM (Australia) commended the United States delegation on its initiative in submitting the draft resolution on resources of the sea, the importance of which was undeniable, because those resources would certainly be a "new frontier" for the next few decades. The emphasis of the draft resolution was correctly laid on the development of a concerted international programme as distinct from an inventory of present-day knowledge on the resources of the sea, the latter having been taken care of in Economic and Social Council resolution 1112 (XL). Thus, operative paragraph 3 (a) of the draft resolution complemented the request for a survey contained in Council resolution 1112 (XL).

8. In submitting his draft resolution, the United States representative had laid great emphasis on fish as a source of protein. However, the Advisory Committee on the Application of Science and Technology to Development had already made a number of recommendations for an international programme in the field of edible proteins, including fish proteins and proteins produced by special industrial processes. Certainly, the Advisory Committee considered that the use of fish for human consumption must be increased, for, at present, fish provided only one tenth of the world's edible protein requirements. For that

purpose, an inventory must first be taken of the world fish resources by means of co-ordinated surveys, since previous surveys were insufficient. In that connexion, the Advisory Committee had recognized the importance of the work of UNESCO's Intergovernmental Oceanographic Commission. However, the Advisory Committee considered that the question of edible protein must be looked at as a whole.

9. It was therefore essential to explore all the possible avenues in order to launch a concerted international attack which would include an evaluation of the various practical methods of increasing the supply of low-cost edible protein. More importance should be given in the draft resolution to the work already being done by the Advisory Committee on the Application of Science and Technology to Development. While he was not submitting a formal amendment, he thought, therefore, that some such paragraph as "Taking into account also the relevant activities of the Advisory Committee on the Application of Science and Technology to Development" should be added to the preamble.

10. His delegation supported the draft resolution on natural resources and joined the other delegations which had requested the Polish representative to withdraw his amendments. The draft resolution was purely formal and it was not for the Committee to make it into a substantive resolution by adding or deleting surveys included in a programme whose composition had been considered by technical bodies.

Mr. Boiko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

11. Mr. GALLARDO MORENO (Mexico) said that he whole-heartedly supported the two draft resolutions, which would lead to practical and swift results, especially the text dealing with the resources of the sea which could be expected to solve the hunger problem. If priority had to be given to some surveys, because of the limited resources available to the United Nations, it should obviously be given to the most important research—that on proteins.

12. Mr. FILALI (Morocco) welcomed the Secretary-General's initiative and the Economic and Social Council's discussions and resolutions aimed at formulating a five-year survey programme on the development of non-agricultural resources, since those surveys were of particular importance for the developing countries. His delegation was therefore satisfied with the draft resolution contained in document A/C.2/L.883, which it would support, but without underestimating the importance of the Polish delegation's remarks and amendments concerning surveys of certain energy resources. Surveys of that kind were of concern to many developing countries, including Morocco, but they were very costly and sometimes of doubtful value, and the countries in question did not have the means to carry them out by themselves. Morocco had prepared an accurate geological map of the various deposits in its sub-soil. But, while he believed that the Committee should take the Polish amendments into account, he did not press for any change in the programme already adopted by the Council and under way.

13. He urged the Polish representative to withdraw his amendments and asked the Secretary-General to bear the underlying idea in mind and to ascertain to what extent such a survey was feasible, or at least to submit a report on the matter to the Council at an early session.

14. Mr. ORR (Food and Agriculture Organization of the United Nations) stressed the importance which his organization attached to the development of fisheries resources. In November 1965, the Conference of the Food and Agriculture Organization of the United Nations (FAO) had raised its Fisheries Division to the level of a department, headed by an assistant Director-General, in charge of expanding the FAO fisheries programme during the next six years and had authorized the establishment of the Committee on Fisheries, whose members were to be appointed by the Council of FAO, which had begun its work in June 1966 with the participation of very high-ranking representatives.

15. Mr. ANANICHEV (Union of Soviet Socialist Republics) said that economic and social progress was inconceivable without the planned surveying and exploitation of natural resources. The development of those resources was extremely important to the developing countries, which were struggling to consolidate their economic independence through industrialization.

16. There were three essential aspects to the question under consideration. First, it was important that the developing countries should have national prospection services which could take an inventory of their natural resources and lay down rules for their exploitation. Secondly, it was necessary to utilize the achievements of science and technology for that purpose and to apply a uniform scientific policy. Lastly, it was necessary to enlist international co-operation in order to provide those countries with the practical assistance they needed to develop their resources. The work done so far in that connexion by the Economic and Social Council should be viewed in the light of those three criteria.

17. In view of the limited resources available to the United Nations and the developing countries, the proposed five-year programme should be designed primarily to obtain immediate practical results. Of course, that work could not be carried out solely with the resources available to the United Nations and the United Nations Development Programme (UNDP). Many developing countries, which were the principal parties concerned, had already prepared plans for surveying their natural resources. In order to organize properly the activities connected with natural resource surveys, those countries should be helped to establish national geological services or institutions which could direct all research activities in that field.

18. In the absence of a planned scientific policy, the solution of the main problems could be hampered by the proliferation of secondary questions. In that connexion, it was essential to study first the geological structure of the developing countries by means of geological surveys, the re-evaluation of known deposits and the preparation of geological, tectonic, geophysical and prospection maps of the most important minerals.

The scope of that work would depend on the conditions prevailing in each country and the present state of its geological surveys. The developed countries could contribute by handing over their geological and cartographical material on the developing countries, in pursuance of the recommendations of the regional economic commissions. The successful execution of the programme for developing the natural resources of the developing countries depended on the extent of the co-operation given by the States Members of the United Nations and members of other international organizations. The specialized agencies and the regional economic commissions should also be associated with the survey of those resources. The United Nations Industrial Development Organization (UNIDO) and the International Symposium on Industrial Development should also give the matter the importance it deserved.

19. How should the United Nations five-year survey programme be evaluated in the light of those objectives? It consisted essentially of pre-investment surveys of nine kinds of natural resources, was estimated to cost \$10 million and made no provision for field surveys. In his delegation's view, the proposed method of execution took almost no account of the main elements of the problem as he had just defined them.

20. In order to improve the programme and ensure its success, national experts must work side by side with United Nations experts in collecting and analysing data on non-agricultural resources. The national experts could constitute the nucleus of future national services for the prospecting and development of natural resources. Prospecting should cover not only known resources and deposits but also the unexplored natural wealth unknown to the developing countries concerned but known to some Western countries and their companies, which had carried out geological research in their territories. The General Assembly should request those Western countries to make that information, which might be of great theoretical and practical value, available to the experts from the United Nations and the developing countries participating in the implementation of the programme.

21. The programme in its present form was unsatisfactory, for the proposed surveys would merely bring up to date or improve the classification of known statistics on the developing countries' resources. Even if its basic objectives were approved, the cost of the programme could not be estimated at \$10 million. The Secretariat, with the assistance of a few experts, could and must do the work at a much smaller outlay. It would, moreover, be logical to defray the expenses involved through the UNDP. When the Economic and Social Council had considered the development of natural resources at its fortieth and forty-first sessions, many delegations had said that, on the basis of the insufficient data available, it was impossible to decide whether the proposed programme met the most urgent needs of the developing countries, or to take organizational and financial steps for its execution. His delegation felt that the United Nations should concentrate its resources and efforts on priority problems, and it therefore supported the Polish

amendments to the draft resolution on resources of the sea.

22. Turning to the question on the resources of the sea, he reminded the Committee that a number of international organizations, the most important being UNESCO's Intergovernmental Oceanographic Commission, were responsible for international co-operation in the matter. In adopting resolution 1112 (XL), the Economic and Social Council had once again emphasized the urgent need to develop those resources.

23. The motives of the sponsors of the draft resolution on resources of the sea were apparently easy to understand. The draft resolution was designed to encourage better co-ordination of the studies of the sea and of the exploitation of its riches; it was therefore surprising that it did not mention the Intergovernmental Oceanographic Commission, despite the fact that that Commission performed precisely those world-wide co-ordinating functions with which the sponsors were concerned. The omission was all the more curious since the United States participated actively in the Commission's work. If that was meant to signify distrust of the Commission, it was unjustified. In those circumstances, the establishment of a group of experts to review the activities of oceanographic organizations would be a classic example of the "duplication or overlapping" which the sponsors opposed.

24. His delegation believed that the existence of Council resolution 1112 (XL) made it unnecessary for the General Assembly to take new decisions at its current session. In view of the concern felt by some delegations, however, it was prepared to support the draft resolution if it was amended so that it did not establish a new group of experts but asked the Intergovernmental Oceanographic Commission, whose essential role should be stressed, to assist the Secretary-General in formulating his proposals.

25. After reading out the amendments proposed by his delegation (A/C.2/L.889), he said that the United Nations must rely as much as possible on existing international organizations.

26. Mr. ROOSEVELT (United States of America), speaking in exercise of the right of reply, said that the United States had fully supported the UNESCO Intergovernmental Oceanographic Commission, which, as the USSR representative had rightly pointed out, was doing remarkable work. However, its statute limited its terms of reference to science and its membership to States Members of United Nations bodies wishing to take part in oceanographic research programmes. Furthermore, when the Commission had requested its secretariat to prepare a report on the impact on marine science of the activities of newly-created international organizations, the secretariat had replied that the absence of objective criteria made such analysis virtually impossible but drew attention to dangers of continuing proliferation.

27. Mr. DJOUDI (Algeria), after recalling the relevant provisions of Economic and Social Council resolutions 1113 (XL) and 1127 (XLI), on which draft resolution A/C.2/L.883 was based, said that, according to the Advisory Committee on the Application of Science and Technology to Development, the inventory,

evaluation and planned use of natural resources were priority projects. The unanimous adoption of Council resolution 1113 (XL) showed that co-operation was possible between the poor countries which produced minerals and the industrial countries which imported raw materials. That co-operation could centre particularly on commodities of which there was a shortage on the world market and those of which the supply exceeded the demand.

28. The proposals submitted by the Secretary-General were of great importance to the developing countries. His delegation had already pointed out the importance it attached to some of the proposed surveys, especially those of iron ore resources, non-ferrous metals, selected mines in developing countries and the water needs and resources of those countries.

29. His delegation also regretted that it had not been possible to include in the programme the study of new prospecting and development techniques for petroleum and natural gas deposits. At the present stage, however, it was difficult to make major changes in the programme without delaying its execution. It was difficult to tell what form an additional programme of surveys on petroleum and natural gas might take and when the delegations which were concerned with the financial implications of such surveys would agree to the expansion of the programme. In that connexion, he recalled that the formula of voluntary expert services had been proposed by the group of experts consulted by the Secretary-General. His delegation would like to obtain further information on that subject from the Secretariat or from other delegations and believed that some common ground could be found.

30. Mr. PISANI-MASSAMORMILE (Italy) said that his delegation was convinced of the value of the survey of petroleum and natural gas resources advocated in one of the Polish amendments. The incorporation of that amendment in the draft might, however, lead to confusion between two different problems. Actually, the proposed programme, which had been approved by the Council, was very modest, and the draft resolution was aimed at facilitating its execution. The adoption of Poland's amendment would reopen the matter of priorities and would therefore run counter to the sponsors' intention.

31. He wondered whether the draft resolution on resources of the sea did not involve the risk of duplication by requesting the Secretary-General to make a survey of marine resources. If it did, his delegation would be unable to support it. However, operative paragraph 2 stated that the survey would be made in consultation with the international organizations concerned. In that connexion, he was gratified that the United States representative had agreed to mention the role of the Intergovernmental Oceanographic Commission in the preamble. By submitting the survey and proposals prepared by the Secretary-General to the Advisory Committee on the Application of Science and Technology to Development it would be possible to interest wider sectors of public opinion in the project and hence obtain further contributions.

32. Mr. KAUL (India) said he hoped it would be possible to reach agreement on the new operative

paragraph submitted by Poland. His delegation supported the general tenor of the draft resolution on resources of the sea. It could not be assumed, however, that the exploitation and development of the sea's resources would necessarily raise the economic level of the developing countries. Better knowledge of marine resources was not enough. Capital would be needed to exploit them, and it would be easier for the developed countries to profit from any scientific advances made in that field. In order to make full use of the knowledge acquired from the proposed survey of marine resources, the technical means of exploiting those resources must be made available to the developing countries.

33. Mr. PARDO (Malta) reminded the Second Committee that, at the previous meeting, he had submitted amendments (A/C.2/L.888) which greatly improved the draft resolution on the resources of the sea by requesting the Economic and Social Council to evaluate the proposed survey more precisely, in the light of present and prospective resources of the United Nations system and the utilization of those resources in the execution of other projects in the field of natural resources. Moreover, the Advisory Committee on the Application of Science and Technology to Development should first submit suggestions and comments to the Council so that the proposed survey was not purely academic but productive. While he hoped that the sponsors of the draft resolution, whose aims he endorsed, would accept his amendments, he would not press his proposal, in order to avoid prolonging the debate.

34. With regard to the draft resolution on natural resources, he endorsed the remarks of the representative of the Soviet Union and made it clear that his vote for the draft resolution did not mean that he approved of the utilization of UNDP's limited resources for the execution of comprehensive surveys.

35. Mr. THAWLEY (New Zealand) said that, while in principle he supported the surveys envisaged in the draft resolution on natural resources, he doubted whether some of the specific projects, such as that on iron deposits, would have any short-term value to the developing countries. The survey of non-ferrous metals should also be revised to include those minerals offering the best prospects of early and stable returns, while New Zealand would regard the surveys of off-shore mineral resources and oil shoals as having relatively less priority. He had some sympathy for the sentiments expressed by the representative of Poland, but did not think it a practical proposition for the United Nations to venture into the vast realm of petroleum and natural gas, given the limited resources available to the Organization. He therefore welcomed the talks between the sponsors and the representative of Poland.

36. He was glad that the representative of China had reminded the Committee of the importance of regional surveys. As stated in the New Zealand reply to the Secretary-General (see E/4186/Add.1, annex), those could often be more useful to the developing countries than global surveys. The survey programmes should be co-ordinated within UNDP especially because of the need to avoid any conflict with agricultural development, which must continue to receive the highest

priority. They should be financed either from UNDP funds or by appropriations from the United Nations regular budget, according to the type of work.

37. New Zealand was perhaps surrounded by as much ocean as any country, and his delegation supported the draft resolution on resources of the sea. However, it felt it was essential to co-ordinate the proposed programme with the work of UNESCO and FAO, which had great experience and expertise in the matter. Given that co-operation, already envisaged in the draft resolution, the proposed survey could be extremely productive and would avoid duplication of effort.

38. Mr. MARTIN WITKOWSKI (France) said that, while he had no fundamental objection to the draft resolution on resources of the sea, he would not oppose certain minor improvements: the deletion, in the first preambular paragraph, of the phrase "which cover 71 per cent of the earth's surface"; the replacement, in the French text of the third preambular paragraph, of the words "d'autres" by the words "les autres"; the substitution, in the French text of operative paragraph 2, of the words "l'Organisation des Nations Unies et les institutions qui lui sont reliées" for the words "les organisations du dispositif des Nations Unies". With regard to operative paragraph 5, he thought it would be difficult for the Secretary-General to submit his survey of those proposals to the twenty-third session, and he proposed that he should do so at the twenty-fourth session. Finally, his delegation would welcome information on the financial implications of the draft resolution.

39. Mr. AHMED (Pakistan), speaking on behalf of the sponsors, said that he was gratified by the Committee members' reactions to the draft resolution on natural resources, which was intended to be no more than a procedural draft resolution covering resolution 1127 (XLI) which the Economic and Social Council had adopted after studying, at its fortieth session, some proposals by the Secretary-General (E/4132) and, at its forty-first session, those same suggestions supplemented by the comments of a group of experts and the Advisory Committee on the Application of Science and Technology to Development (E/4186, annexes I and II).

40. That was why the sponsors, despite their sympathy for the amendments proposed by the representative of Poland, had not been able to incorporate them in the text. Moreover, the draft resolution invited the Council to continue its study of the means of implementing the survey programme, and not to determine what surveys should be undertaken. Some of the nine surveys suggested were of general interest, while others were of special interest to particular developing countries. As it was impossible, at the present juncture, to reopen the whole debate on the surveys to be made, Poland's amendments could not be accepted. He was, however, gratified that, after consultations conducted in an atmosphere of such goodwill, it had been agreed to add a third operative paragraph, so as to satisfy the representative of Poland, who had consequently agreed not to press his amendments. The operative paragraph 3 would be worded as follows:

"Invites the Secretary-General to study the technical and financial implications of carrying out sur-

veys of petroleum and natural gas resources in the developing countries and to submit specific proposals on this subject to the Economic and Social Council."

That compromise solution took account of the urgency of not delaying the execution of the five-year survey programme and left it to the Council to take any appropriate decision on surveys of petroleum and natural gas resources.

41. He hoped that the draft resolution, as amended, would be adopted unanimously.

42. Mr. WOULBROUN (Belgium) said that, convinced as he was of the importance that the exploitation of the resources of the sea would assume in the future, he supported the draft resolution on that subject. He would prefer, however, to have the expression "comprehensive survey" in operative paragraph 2 translated in the French text by "étude globale" or "étude d'ensemble", which suggested a project of more limited scope. He also hoped that the Under-Secretary for Economic and Social Affairs would give the Committee some idea of the financial implications of the draft.

43. His delegation also supported the draft resolution on natural resources. However, the new paragraph which the sponsors had added by agreement with the representative of Poland gave the impression that the General Assembly was inviting the Secretary-General to make a new survey. He would therefore prefer the Secretary-General to be invited to "study the technical and financial implications" and "make a report in this regard to the Economic and Social Council", rather than to "submit specific proposals".

44. Mr. SVENNEVIG (Norway) pointed out that the draft resolution on the resources of the sea, of which his delegation was a sponsor, was of a preliminary nature since substantive decisions should only be taken later in the light of the possibilities opened up by the survey which the Secretary-General was requested to make. For the time being the important point was to review the research already being done in order to achieve, if possible, a more efficient international co-operation. Owing to the precarious world food situation, everything possible should be done to increase food resources, inter alia, by exploring the immense resources offered by the oceans and the preservation of fish reserves.

45. His delegation believed that the survey requested in the draft resolution could be financed from the United Nations regular budget and with the help of any voluntary contributions that might be forthcoming.

46. So far as the draft was concerned, it believed that the Australian suggestion improved the text, but it could not agree with the USSR amendments. While appreciating the anxiety of the USSR delegation to prevent duplication, it did not think it advisable to make an organ of a specialized agency responsible for co-ordinating the activities of other agencies. Such co-ordination was a matter for the Secretary-General to deal with.

47. Mr. CARANICAS (Greece) pointed out that his delegation was keenly interested in the two draft resolutions and had stated its views on the develop-

ment of natural resources at the fortieth session of the Council.

48. He supported the draft resolution on natural resources, although he did not know what order of priority was to be assigned to the nine surveys under the five-year programme. In any case, he felt that the Secretary-General should be authorized to adopt, if necessary, the order of priority to whatever circumstances and needs might arise during that period. With regard to the new paragraph which the sponsors had decided to add, he believed that the session of the Economic and Social Council at which the Secretary-General was to submit his proposals should be specified.

49. With regard to the draft resolution on the resources of the sea, he pointed out that Council resolution 1112 (XL) referred to resources "excluding fish". The draft resolution could be extremely important since its primary aim was to overcome the food shortage and since it was very clear that in that respect the developing countries, despite their efforts, would depend for a long time to come on help from the developed countries and on the discovery of new resources. It was the Advisory Committee on the Application of Science and Technology to Development, UNESCO and the Intergovernmental Oceanographic Commission which had to take the lead in its implementation.

50. As the representative of Malta had correctly pointed out, the implementation of that draft resolution and of the other draft resolution before the Committee would be dependent on limited financial resources since, as far as he knew, no country had pledged a voluntary contribution except Czechoslovakia which had offered the services of one expert. The Secretariat would, therefore, have to state what its resources would allow it to do.

51. The Maltese amendments (A/C.2/L.888) correctly emphasized that the Advisory Committee should appraise the potential benefits of the proposed survey. He hoped that it could be included in the draft, and reserved the right to comment on the USSR amendments when he had the text.

52. Mr. DE SEYNES (Under-Secretary for Economic and Social Affairs), referring to the draft resolution on the resources of the sea, thanked the representative of the United States for the contributions his Government had mustered, thanks to trade-union leader Walter Reuther, for the implementation of Economic and Social Council resolution 1112 (XL).

53. Subject to possible revision, the financial implications of the draft resolution would amount to \$63,200 for 1967 and \$59,900 for 1968, which amounts would cover the recruitment of a small number of officials to prepare the survey and the proposals made, the work of the group of experts and travel costs. The Secretary-General would submit a supplementary estimate for 1967 during the second reading of the budget estimates for the current financial year and would include the amount in respect of 1968 in the budget estimates for the following financial year.

54. At the request of the representative of the United States and although it was a departure from the normal

practice, he took the liberty of making a few suggestions concerning the wording of the draft resolution which might help the sponsors and other delegations. He stressed that it was an exceptional case which would not create a precedent. His suggestions were prompted partly by the desire, already expressed by the representatives of the specialized agencies and by the representative of the Soviet Union, to ensure that all agencies with the relevant experience participated effectively in the project, an arrangement which might make it possible to lessen the financial implications.

55. First of all, a distinction should be drawn between Economic and Social Council resolution 1112 (XL) and that which the General Assembly might adopt, whose scope would be different; consequently, the last part of operative paragraph 1 might be revised to read: "... of the resources of the sea beyond the continental shelf, excluding fish, and of the techniques for exploiting these resources". With regard to the fish resources of the sea, he had been glad to hear several members of the Committee refer to the work of the Advisory Committee on the Application of Science and Technology to Development on proteins; at its summer 1967 session, the Economic and Social Council would have before it a very comprehensive programme on that subject, which would be especially important as the Council would thus consider the world food shortage.

56. In operative paragraph 2, after the words "United Nations Educational, Scientific and Cultural Organization" the words "and, in particular, its Intergovernmental Oceanographic Commission," should be added, for the latter was the "specialized agency" of UNESCO in the field dealt with in the draft resolution. In the same paragraph, the words "including that relating to mineral resources development" should be added after the words "marine science and technology", for those resources were in fact of capital importance in the present conjuncture. Lastly, in order to take account of the USSR representative's concern, which he himself shared, he would like to see added at the end of operative paragraph 2 the words "as well as by universities, scientific and technological institutions and other interested private organizations", a phrase which was also used in the third preambular paragraph.

57. Similarly, in order to assure the Secretary-General of the co-operation of UNESCO and its Intergovernmental Oceanographic Commission, the beginning of operative paragraph 3 could be amended to read: "Requests the Secretary-General, in consultation with UNESCO and, in particular, its Intergovernmental Oceanographic Commission and FAO and in the light of such a comprehensive survey to formulate proposals for:". If a group of experts was considered necessary, operative paragraph 3 should indicate that it should assist the Secretary-General not only in formulating specific proposals but also in carrying out the comprehensive survey provided for in operative paragraph 2. Operative paragraph 3 (b) was the most delicate in the draft resolution, for it touched upon a field which came within UNESCO's jurisdiction; he felt that that organization should be mentioned and requested to report to the Economic

and Social Council and the General Assembly on the action it had taken pursuant to the resolution.

58. Draft resolution A/C.2/L.883 had no immediate financial implications, for as a result of the agreement reached between the sponsors and the Polish representative, its text remained close to that of the Economic and Social Council resolutions. Nevertheless, the aim was to initiate, gradually but rapidly, a programme of work for the development of natural resources, a sphere which, in the general view, seemed to have been somewhat neglected thus far and, above all had not been the object of such systematic, planned action as those of industry and international trade, for example.

59. However, the development of natural resources raised complex and delicate institutional problems on both the national and international levels which could not be a matter of indifference to the United Nations, considering the Organization's interest in the problem of sovereignty. But the formulation of a programme in that sphere was complicated by the dilemma involved in choosing between numerous alternatives. For example, should field activities be given absolute priority over global surveys? Yet global surveys of the markets on which the products of the exploitation of natural resources would be sold were necessary in order to prevent the developing countries from making mistakes. Should institutions be established in developing countries to enable them to carry out the necessary, but costly surveys themselves or should certain surveys of national interest be entrusted to international services which could carry them out objectively and more inexpensively, even though the principle of sovereignty implied the development of national institutions? Should priority be given to surveys relating to advanced subjects such as geothermal energy, or to those which were likely to be of immediate commercial benefit to the countries concerned? Lastly, should the United Nations undertake work which others were ready to do, or should it rather seek to fill in the gaps? It was neither easy nor desirable to establish general, absolute criteria in any of those spheres. It was necessary to find a pragmatic equilibrium between the various aspirations.

60. When the current work was completed, the Economic and Social Council would have before it only a draft partial programme on natural resources, which would undoubtedly have to be deepened and expanded, but even at the present stage the crucial problem of financial resources must be faced, for the choices and priorities involved in an action programme could only be defined when at least the order of magnitude of the available resources had been established. It was desirable that Governments would begin to take a position on the programme as a whole and on the financial resources which would be suitable for it.

61. Mr. CARANICAS (Greece), speaking on a point of order, thanked the Under-Secretary for Economic and Social Affairs for his interesting comments, but wished to emphasize that, in the interests of the Secretariat itself, the fact of having suggested amendments to the draft resolution under consideration should not—as the Under-Secretary had himself stressed, moreover—constitute a precedent.

62. The CHAIRMAN pointed out that the Under-Secretary had merely made some suggestions at the request of one of the sponsors of the draft resolution and that in the present instance the practice had proved constructive.

63. Mr. Donald MACDONALD (Canada) said that his delegation was prepared to act as sponsor for the amendments suggested by the Under-Secretary.

64. Mr. NENEMAN (Poland) said that, as his delegation was not a member of the Economic and Social Council, it had not had an earlier opportunity of submitting the proposal which was the subject of one of its amendments to the draft resolution on natural resources. He thanked the sponsors of that text who, in a spirit of compromise, had agreed to take his proposal into account; he also thanked the delegations which had supported that amendment and those which had stated that they approved its substance.

65. In view of the new paragraph which the sponsors had added to their draft resolution, the Polish delegation was withdrawing its amendments and appealed to the Belgian delegation to adopt the same spirit of compromise and not to press the suggestions it had made concerning the new paragraph. Like the representative from Greece, he considered that it should be specified at which session of the Economic and Social Council the Secretary-General should submit his proposals; for his own part, he would suggest the forty-third session.

66. Mr. Donald MACDONALD (Canada) regretted that the proposal in the draft resolution on the resources of the sea had not been submitted in time to be studied by the Advisory Committee on the Application of Science and Technology to Development; however, in view of the general opinion in the Second Committee, he would not press for the decision to be postponed. The Maltese amendments reflected the view of the Canadian delegation; however, rather than delete operative paragraph 3, the latter would prefer it to be amended in the way the Under-Secretary had indicated, so as to ensure that UNESCO and FAO were consulted.

67. Concerning the USSR amendments, he thought very highly of the work of the Intergovernmental Oceanographic Commission, but considered that a small group of experts would be in a better position to carry out the proposed survey, whose scope, moreover, exceeded that Commission's competence. However, the group of experts should include several members of the Intergovernmental Oceanographic Commission.

68. In conclusion, he expressed the hope that if his delegation submitted the Under-Secretary's suggestions in the form of amendments, the USSR delegation would be able to withdraw its own amendments.

69. Mr. ROOSEVELT (United States of America) said that, in thanking the Under-Secretary for the useful suggestions he had made, he believed he was speaking for all the sponsors of the draft resolution on the resources of the sea; he also wished to thank the Maltese representative for not pressing his amendments. In reply to the representative from Greece, he wished to make it clear that although Economic

and Social Council resolution 1112 (XL) had excluded fish, that was not true of the draft resolution.

70. In conclusion, he expressed the hope that, after consultations, the sponsors of the draft resolution would soon be able to submit a revised text.

71. Mr. WOULBROUN (Belgium) explained that the suggestions he had made concerning the new paragraph of the draft resolution on natural resources in no way constituted a formal amendment proposal.

The meeting rose at 6.10 p.m.

United Nations
**GENERAL
ASSEMBLY**

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1064th
MEETING**

Wednesday, 9 November 1966,
at 3.5 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 94

Development of natural resources (*continued*) (A/6303, chap. VII; A/6460, A/C.2/L.882/Rev.1, A/C.2/L.883/Rev.1, A/C.2/L.888-891)

1. Mr. BOIKO (Ukrainian Soviet Socialist Republic) said that the success of the five-year survey programme depended in large measure on the order of priority decided on for the various surveys. In that connexion, his delegation supported the changes in the programme which the Polish representative had proposed and which were incorporated in the revised draft resolution on the development of natural resources (A/C.2/L.883/Rev.1). The contemplated surveys seemed, like the inter-regional projects, to be concerned with pre-investment activities. What was needed was to evaluate existing information, to fill the gaps in the information available by means of questionnaires and expert missions and, finally, to identify in the given country the resources whose development would benefit its economy or the economy of its region. With some differences, all those activities were involved in the execution of a typical project of the United Nations Development Programme (UNDP).

2. As to financing, he felt that the programme's costs would in all probability tend to rise; and that would undoubtedly cause certain difficulties if the programme was financed entirely from the United Nations budget. It would be useful to enlist the participation of UNDP, which had substantial and largely unused financial resources, in the execution of the programme. That was the sense of the amendment submitted by the Ukrainian SSR (A/C.2/L.891). It would not be the first time that the General Assembly would be recommending technical assistance bodies to take such steps. The contemplated surveys, in particular those which would be concerned with iron ore and bituminous schists, would in fact be pre-investment projects of the very type which were the responsibility of the Special Fund. Nor should the wider scope of the surveys, which embraced several countries, be an obstacle to the participation of UNDP, which had acquired considerable experience in inter-regional, sub-regional and regional projects. The participation of UNDP was the more desirable as the developing countries could not afford to wait five years before giving practical effect to the results

obtained under the programme, and as it would be useful for UNDP to prepare itself for taking part in that phase of the work.

3. He drew attention in that connexion to operative paragraph 6 of Economic and Social Council resolution 1155 (XLI), and expressed the hope that the Ukrainian amendment would meet with the approval of the sponsors of the draft resolution.

4. Mr. RAMAHOLIMIHASO (Madagascar) said that his delegation would vote in favour of the draft resolution on the resources of the sea (A/C.2/L.882 and Corr.1), if it was amended in the light of the USSR representative's observations concerning the Inter-governmental Oceanographic Commission of the United Nations Educational, Scientific and Cultural Organization (UNESCO) and according to the comments made at the last meeting by the Under-Secretary for Economic and Social Affairs.

5. As to the Ukrainian amendment to the draft resolution on natural resources, the developing countries appeared to fear that the participation of the Special Fund component of the UNDP in financing the five-year programme might restrict the programme's possibilities of action in the field of pre-investment, while the developed countries wished the Fund to meet part of the expenditure of the programme. The delegation of Madagascar felt that the Special Fund component of the UNDP could cover a small part of the programme's expenditure. Such limited participation could not be detrimental to the programme's pre-investment activities, and the execution of the programme would help the developing countries to formulate more effectively their requests to UNDP.

6. Mr. RODRIGUEZ (Philippines) said that the draft resolution on the resources of the sea could help the developing countries to remedy the very serious food shortage afflicting the majority of their populations. The purpose of operative paragraph 2 of the draft resolution was to intensify the activities of the various United Nations bodies in the field of marine science and technology, so as to bring the development of the immense resources of the sea up to the same level of efficiency as that of agriculture and animal husbandry; the exploitation of the animal and vegetable resources of the seas was still in its infancy. By adopting the draft resolution, the General Assembly would be helping to remedy not only the food crisis but the world shortage of certain mineral resources such as coal, iron ore, copper and petroleum; the submarine deposits of those resources had up to the present been neglected. The time had come to carry out a comprehensive study and compile a detailed inventory of the resources of the sea, which perhaps

provided the sole answer to the urgent problems afflicting the developing countries.

7. While it would not submit a formal amendment to the draft resolution, his delegation would suggest the addition to operative paragraph 3 of a new subparagraph (c), reading as follows: "developing the food potential of the resources of the sea,".

8. Mr. DJOUDI (Algeria), referring to the amendment submitted by the Ukrainian SSR, said that UNDP carried out its surveys not on an activity basis but on a country basis at the request of the country concerned. In addition, the five-year programme was concerned not with pre-investment activities in the proper sense but with preliminary surveys for such activities. The Algerian delegation would prefer the programme to be financed by voluntary contributions, and would be grateful if the Ukrainian representative would agree to withdraw his amendment.

9. Mr. LORENZO FERNANDEZ (Brazil) said that his delegation supported the draft resolution on the resources of the sea, which would offer a good basis for co-operation in that field. In that regard, the Brazilian delegation attached particular importance to the collection and exchange of information. The five-year programme was not expensive, and its priorities were based on the established criteria. Of course, voluntary contributions in cash and in services of governmental and private organizations would be welcome. There appeared to be no opposition to the draft resolution on natural resources. Although it had no objection to the Ukrainian amendment, his delegation would prefer the draft resolution to be adopted as it stood.

10. Mr. MARTIN WITKOWSKI (France) said that his delegation was prepared to accept the Ukrainian amendment.

11. Mr. ROOSEVELT (United States of America) said that the sponsors of the draft resolution on the resources of the sea, who had been joined by Jamaica, had done their utmost to satisfy delegations who had proposed changes in the draft. The revised text (A/C.2/L.882/Rev.1) included the following changes: in the first preambular paragraph the words "which cover 71 per cent of the earth's surface" had been deleted, in accordance with the French representative's suggestion. In the third preambular paragraph, the sponsors had added to the list of interested organizations UNESCO's Intergovernmental Oceanographic Commission, and they had deleted the word "private", in order to remove any doubts concerning the usefulness of participation by interested national organizations. In operative paragraph 1 the words "7 March 1966" had been deleted on the proposal of the Peruvian representative. In operative paragraph 2 the words "in consultation" had been replaced by "in co-operation" to meet the wishes of the Italian representative, and the phrase "including that relating to mineral resources development" had been added at the Secretariat's suggestion. The reference to the Intergovernmental Oceanographic Commission and to FAO in operative paragraph 3 had been inserted in line with the suggestions of the USSR and Australian representatives. In operative paragraph 3 (a) the word "preservation" had been changed to "conservation" in the interest of precision. At the suggestion of the

Under-Secretary for Economic and Social Affairs, provision had been made in the revised draft resolution for the establishment of a small group of experts.

12. Mr. MARTIN WITKOWSKI (France) said that he would support the revised draft resolution on the resources of the sea, but wished to raise a number of questions in connexion with the draft's financial implications (A/C.2/L.890). Were the two new professional posts contemplated to be permanent or temporary and would not the recruitment of a single professional officer suffice? Why did the list of experts include a fishing expert and a fish biologist, although it would appear from operative paragraph 1 that the proposed studies would have nothing to do with fish? In any event, would not the fields of work of those two experts overlap? Moreover, did not the competent specialized agencies possess experts who could undertake the work contemplated, making it unnecessary for the Secretary-General to pay experts from the United Nations budget? Lastly, he felt that the sums indicated, although small in relation to the United Nations budget, could perhaps be reviewed with an eye to economy.

13. Mr. DE SEYNES (Under-Secretary for Economic and Social Affairs) said that the two proposed professional posts would be temporary, for a term of two years. Secondly, the Secretariat's estimates were based on the interpretation that, unlike Economic and Social Council resolution 1112 (XL), which was concerned only with the mineral resources of the sea, the draft resolution related to all the resources of the sea, including fish, and was intended precisely to complement the Council's resolution. The fields of work of the fish biologist and the fishing expert were separate; the fish biologist was concerned with fish as such while the fishing expert was concerned with methods of fishing. Thirdly, the Secretariat would probably be able to carry out the proposed surveys with the assistance of the specialized agencies, which did in fact have the necessary experts; but the actual terms of the draft resolution, if felt, called for the establishment of an independent group of experts—who would of course be appointed in consultation with the specialized agencies concerned. Finally, the amounts indicated in the statement of financial implications had been calculated carefully and by tried and tested methods, and the Secretariat could not alter them.

14. Mr. CARANICAS (Greece) strongly supported the revised draft resolution on the resources of the sea but suggested that, in order to be consistent in the references to the specialized agencies, the words "and, in particular, its Committee on Fisheries" should be inserted after the words "the Food and Agriculture Organization of the United Nations" in the third preambular paragraph and operative paragraphs 2 and 3.

15. Mr. ANANICHEV (Union of Soviet Socialist Republics) thanked the sponsors of the revised draft resolution on the resources of the sea for the effort they had made to meet the views of his delegation, particularly by recognizing in the revised text the role of the Intergovernmental Oceanographic Commission, which was at present undoubtedly the most

competent organ to study the resources of the sea and plan their exploitation.

16. Unfortunately, they had not taken into account some other aspects of the amendments proposed by the Soviet delegation and it would be able to support the revised draft only if operative paragraphs 2 and 3 were amended so that the organizations concerned were requested to undertake the survey and formulate the proposals "in co-operation with the Secretary-General". There would then be no need for operative paragraph 4 and operative paragraphs 5 and 6 would be amended accordingly. His delegation had always been opposed to the establishment of organs whose activities might lead to duplications and it thought that the cost of a group of experts for two years could be avoided. He agreed with the representative of France that the work suggested in the draft resolution could be done by experts from the specialized agencies who would, moreover, probably be able to do it more rapidly than outside experts. The Soviet delegation thought that both time and money would be saved if the work was done by the Intergovernmental Oceanographic Commission, which would co-operate with the other organizations concerned.

17. Mr. ROOSEVELT (United States of America) said that he had no difficulty in accepting the suggestion of the representative from Greece. However, the sponsors should not amend the revised draft in the manner just proposed by the USSR representative. That would reopen the whole issue, because, in order to undertake the survey and formulate the proposals mentioned therein, the competent agencies would probably have to set up a new organ themselves so as to hold the necessary consultations, which would certainly be very lengthy. Unlike the representative of the Soviet Union, he was convinced that the United Nations Secretariat could do the work more rapidly and cheaply. He therefore hoped that the Soviet Union delegation which, he thought, supported the objectives of the draft resolution, would display the same spirit of compromise as the sponsors and would not press its amendments.

18. Mr. WALDRON-RAMSEY (United Republic of Tanzania) said that he tended to share the doubts expressed by the representatives of France and the USSR about the draft resolution on the resources of the sea and regretted that the representative of Malta had withdrawn his amendments (A/C.2/L.888), which would have guaranteed that the work proposed involved no duplication or unnecessary expenditure. If it was a fact that the Intergovernmental Oceanographic Commission, FAO and the World Meteorological Organization were already engaged in surveys of the resources of the sea and had experts in the subject and if, as a result, the Governments of the States members of those agencies were already contributing to the financing of those activities as well as to the budget of the United Nations, the provisions of the draft resolution would certainly involve a duplication of effort and expense.

19. Unless the sponsors succeeded in convincing it that that was not so, the Tanzanian delegation would therefore be tempted to resubmit the amendments which the Maltese delegation had proposed.

20. Mr. ROOSEVELT (United States of America) pointed out to the representative of the United Republic of Tanzania that the sponsors had carefully weighed its provisions and studied the problem. The best proof of the usefulness of the survey they were requesting was the report which had already been mentioned at the last meeting, in which the Intergovernmental Oceanographic Commission had emphasized the need to co-ordinate research in marine science and technology. In addition, the Director-General of UNESCO had been apprised of the draft resolution and had declared that he was in favour of it, provided that no new organ was to be set up. That was not the case and the sponsors could word the draft resolution so as to leave the Secretary-General free to call upon the competent agencies in setting up the group of experts.

21. The CHAIRMAN suggested that the meeting should be suspended briefly so that the sponsors could consult with the delegations which had proposed amendments.

It was so decided.

The meeting was suspended at 4.40 p.m. and resumed at 5.10 p.m.

22. Mr. ROOSEVELT (United States of America) said that, in order to meet, as far as possible, all the wishes expressed, the sponsors of the revised draft resolution on the resources of the sea (A/C.2/L.882/Rev.1) had agreed: (a) to add the words "and, in particular, its Committee on Fisheries" after the words "the Food and Agriculture Organization of the United Nations", in the third preambular paragraph and operative paragraphs 2 and 3; (b) to replace the words "in order" in the fourth preambular paragraph by the word "and", so as to distinguish clearly between the two actions proposed; (c) to insert the phrase "to be selected, as far as possible, from the specialized agencies and intergovernmental organizations concerned" after the word "experts" in operative paragraph 4, so as to indicate the Committee's preference for utilizing experts already employed within the United Nations family, while ensuring that the Secretary-General's freedom of action would not be too restricted.

23. The CHAIRMAN asked the USSR representative whether he maintained his suggestions.

24. Mr. MAKEEV (Union of Soviet Socialist Republics) regretted that the informal consultations had not produced the positive result his delegation had hoped for, especially as there was no question of reopening the issue of the survey on the resources of the sea but simply of designating the organization which was to undertake it. Originally, his delegation had thought that there was no need for the draft resolution because, in resolution 1112 (XL), the Economic and Social Council had already asked the Secretary-General to make a survey of the present state of knowledge of the resources of the sea, excluding fish, and to report on the survey at a subsequent session of the Council. The Secretary-General had just started the survey and now, without awaiting the results, the Committee was being asked to recommend another survey without knowing the facts about the present situation. Hence, it was clear that the adoption of the draft resolution would lead to work which dupli-

cated similar surveys made by other organs and to needless expenditure, contrary to the recommendations of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies. He was glad that the representative of the United Republic of Tanzania appreciated the viewpoint of the Soviet delegation.

25. The draft resolution on the resources of the sea was a glaring example of the regrettable developments mentioned in the third and fourth preambular paragraphs of draft resolution A/C.2/L.877, which would be submitted during the discussion of agenda item 52. The fullest possible use should be made of the knowledge and experience of other organizations such as UNESCO's Intergovernmental Oceanographic Commission and FAO. That was why one of the Soviet delegation's suggestions was to amend operative paragraphs 2 and 3 so as to request UNESCO and the other organizations concerned to co-operate with the Secretary-General in making an additional survey. The Committee should show a sense of responsibility and aim at co-ordination, on which so much emphasis had been placed elsewhere. In that connexion, he regretted that the representative of Malta had withdrawn his very reasonable amendments.

26. The question was not whether or not the survey should be made but how it could be made, primarily by taking advantage of existing possibilities and without aggravating the financial situation of the United Nations. His delegation reserved the right to state its general position on the matter in more detail when agenda item 52 would be discussed. For the time being, however, in order to find a way out of the situation which had arisen, it would not press for a vote on its suggestions and would merely request separate votes on operative paragraphs 1 and 4 of the draft resolution on the resources of the sea. It would vote against paragraph 4 and abstain on the draft resolution as a whole, because it was an example of a hastily adopted resolution which would lead to duplication. The Soviet delegation objected particularly to its financial implications.

27. Mr. DELGADO (Senegal) said that he would support the revised draft resolution on the resources of the sea, as modified by the recent oral amendments which dispelled his misgivings in the matter of close international collaboration.

28. The new operative paragraph 3 in the revised draft resolution on natural resources reintroduced the idea contained in one of the amendments which the Polish delegation had meanwhile withdrawn, but approached the problem more cautiously from the point of view of the financial implications. He could not accept the amendment submitted by the Ukrainian delegation, since he agreed with the Algerian representative that it would have the effect of making UNDP responsible for preparing proposals which were not within its terms of reference and which it was for the developing countries concerned to submit, and that the amendment would impose extra expenditures on UNDP, which would not even be able to approve as many projects in 1967 as it had in 1966.

29. Mr. PARDO (Malta) drew attention to several non sequiturs in the revised draft resolution on the

resources of the sea. While operative paragraph 1 spoke of "a survey of the present state of knowledge of the resources of the sea beyond the continental shelf, excluding fish", it was elsewhere proposed (A/C.2/L.890, para. 4) that a fishing expert and a fish biologist should be recruited, and the five-year survey programme on the development of non-agricultural resources included a survey of off-shore mineral potential in developing areas. Furthermore, the second preambular paragraph of the draft resolution referred to the effective exploitation and development of resources, which could raise the economic level of peoples throughout the world, whereas in operative paragraph 1 fish were excluded from the survey.

30. Mr. AITKEN (Jamaica), speaking on behalf of the sponsors, pointed out to the Maltese representative that operative paragraph 1 merely endorsed Economic and Social Council resolution 1112 (XL), whereas the intention of the sponsors was to include fish in the survey of the present state of knowledge of the resources of the sea. It was for that reason that the recruitment of a fishing expert was proposed.

31. In reply to the representative of the Soviet Union, who had objected that the proposed survey duplicated work in progress in other organs of the United Nations, he pointed out that the draft resolution was designed to make all existing information on the resources of the sea, including fish, available, especially to the developing countries, by piecing it together in one place where it would be readily accessible. Lack of access to knowledge was one of the factors retarding the growth of the developing countries. Although Jamaica had no seafaring tradition, it might one day have to turn to new resources, and the United Nations survey of the resources of the West Indies could turn out to be very useful in that connexion. The comprehensive survey of the resources of the sea would certainly be of great benefit to the developing countries.

32. He stressed that the purpose of the draft resolution was not to establish a new organization but to make use of existing resources and, in particular, to make the fullest possible use of the services of experts already working in United Nations organs.

33. Mr. IKEDA (Japan) reminded the Committee that his country had not taken part in the discussions at the fortieth session of the Economic and Social Council which had resulted in the adoption of resolution 1112 (XL). In the view of his delegation, the draft resolution on the resources of the sea, in operative paragraph 1 of which the General Assembly endorsed the Council's resolution, did not prejudice the position of Member States on the problem of the continental shelf. Indeed, at the fortieth session of the Council, it was the United States delegation, the principal sponsor of resolution 1112 (XL), which had asked for the words "beyond the continental shelf" to be inserted so as to avoid certain legal problems. His Government had already made it clear elsewhere that the concept of sovereignty over the continental shelf had not yet been established in international law.

34. With regard to the exclusion of fish resources, which had also been proposed at the fortieth session of the Council by the United States delegation in order

to avoid dealing with the question of fisheries, his delegation wished to point out that several other resources in the sea, such as whales, seals and crabs, were already the subject of international treaties, and it did not believe that the rights and obligations under those treaties would be affected by the draft resolution under discussion. Although his delegation had no basic objection to the draft resolution, it doubted whether the proposed survey merited priority, in view of the limited funds available to the United Nations at present and of the risks of duplication. However, as the majority of members of the Committee, including many developing countries, were in favour of it, his delegation would vote for it, subject to the reservations which he had indicated.

35. The CHAIRMAN put to the vote the revised draft resolution on the resources of the sea (A/C.2/L.882/Rev.1), as orally amended.

36. Mr. KITTANI (Secretary of Committee) specified the oral amendments accepted by the sponsors and reminded the Committee that the delegation of the Soviet Union had asked for a separate vote on operative paragraphs 1 and 4.

Operative paragraph 1 was adopted by 89 votes to none, with 2 abstentions.

Operative paragraph 4 was adopted by 74 votes to 10, with 13 abstentions.

The revised draft resolution as a whole, as orally amended, was adopted by 87 votes to none, with 12 abstentions.

37. The CHAIRMAN put to the vote the amendment of the Ukrainian Soviet Socialist Republic (A/C.2/L.891) to the revised draft resolution on the development of natural resources (A/C.2/L.883/Rev.1).

The amendment was rejected by 28 votes to 14, with 53 abstentions.

38. The CHAIRMAN put the revised draft resolution (A/C.2/L.883/Rev.1) to the vote.

39. Sir Edward WARNER (United Kingdom) asked for a separate vote on operative paragraph 3.

Operative paragraph 3 was adopted by 83 votes to none, with 7 abstentions.

The revised draft resolution as a whole, was adopted unanimously.

The meeting rose at 6.5 p.m.

United Nations
**GENERAL
ASSEMBLY**

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1065th
MEETING**

Thursday, 10 November 1966,
at 10.50 a.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 94

Development of natural resources (continued) (A/6303, chap. VII; A/6460, A/C.2/L.890)

1. Mr. DE GRAUW (Belgium) said that his delegation had voted in favour of the two draft resolutions (A/C.2/L.882/Rev.1 and A/C.2/L.883/Rev.1), but wished to place on record its observations regarding some of their provisions.

2. As his delegation had stated at an earlier meeting (1063rd meeting), the translation of the words "comprehensive survey" in operative paragraphs 2, 3 and 4 of the resolution on the resources of the sea by "étude complète", rather than "étude d'ensemble" created a discrepancy between the English and French texts which might create difficulties at a later stage.

3. Possibly because there were no experts on the subject available at Headquarters, the financial implications (A/C.2/L.890) of implementing the draft resolution were substantial, and his delegation was therefore gratified that the oral amendment to operative paragraph 4 accepted by the sponsors would enable the Secretary-General to use the services of experts attached to the specialized agencies, which should reduce costs. It should also be borne in mind that the Secretariat's part in preparing the survey and proposals would be confined to compiling the information on "the present state of knowledge of the resources of the sea"; the Secretary-General might therefore need to recruit only administrative staff.

4. His delegation had voted in favour of the draft resolution on the development of natural resources

as a whole, but reserved its position on the possibility of carrying out petroleum and natural gas surveys until the results of the study referred to in operative paragraph 3 were known. It had, however, abstained in the vote on the amendment submitted by the Ukrainian SSR (A/C.2/L.891), because the revision of the rules governing the activities of the United Nations Development Programme (UNDP) which that proposal implied would require very thorough consideration.

5. Sir Edward WARNER (United Kingdom) said that his delegation had voted for the draft resolution on the resources of the sea despite some doubts about the proposals it contained, because of the strongly-held views of the sponsors, who came from all geographical regions. He hoped that the financial implications would be considerably reduced as a result of the opportunity provided by the revised text of operative paragraph 4 for the use of experts attached to the specialized agencies and intergovernmental organizations concerned, but his delegation had abstained on that paragraph on account of its financial implications.

6. Although his delegation had voted in favour of the draft resolution on the development of natural resources as a whole, it had asked for a separate vote on operative paragraph 3 and had abstained in the vote on that paragraph, since it was opposed to extending the survey to natural gas and petroleum, for which private capital was available.

7. Mr. ELM (Iran) said that his delegation had abstained in the vote on the amendment submitted by the Ukrainian SSR because, like the other sponsors of the draft resolution on the development of natural resources, it considered that the major source of funds for the survey programme should be voluntary contributions and not UNDP which was already overburdened. His Government intended to announce its voluntary contribution when the item was discussed in plenary and hoped other Governments would follow its example in the near future.

8. Mr. MOHAMED AL-ATRASH (Syria) observed that the fact that UNDP had some uncommitted resources did not justify the use of its funds for the survey programme; moreover, UNDP's constitutional provisions permitted it to undertake surveys only at the request of Governments. For those reasons, his delegation had abstained in the vote on the amendment submitted by the Ukrainian SSR.

9. Mr. Donald MACDONALD (Canada) said that his delegation had abstained in the vote on operative paragraph 3 of the draft resolution on the development of natural resources. The resources available for the survey programme were limited and should not be diverted to surveys of petroleum and natural gas,

which were already being carried out on an extensive scale.

10. Mr. IPARRAGUIRRE (Spain) said that his delegation had abstained in the vote on the amendment of the Ukrainian SSR in the belief that the recommendation contained in it could create a number of administrative and technical difficulties which might delay the surveys. It had voted for operative paragraph 3 of the draft resolution on the development of natural resources and because the surveys referred to were potentially of great interest to many developing countries, and also for the draft resolution as a whole.

11. In view of the wide support for the draft resolution on the resources of the sea, his delegation had voted in favour of it. It had some doubt, however, about the urgency of the proposed survey and about the need to appoint a further group of experts, particularly if they were to be recruited from outside the United Nations system. Moreover, he hoped that the funds required would be provided by voluntary contributions; if additional budgetary appropriations had to be made for the purpose during 1967, his delegation might not be in a position to give its approval to the survey when it was discussed in the Fifth Committee.

12. Mr. WARSAMA (Somalia) said that the stated object of the proposals contained in the draft resolution on the resources of the sea was to obtain a better understanding of the marine environment. Operative paragraph 1, however, specifically excluded fish and the continental shelf, which constituted, for his country and many others, the whole of their marine environment and his delegation had accordingly abstained in the vote on that paragraph.

AGENDA ITEMS 52, 51 AND 43

General review of the programmes and activities in the economic, social, technical co-operation and related fields of the United Nations, the specialized agencies, the International Atomic Energy Agency, the United Nations Children's Fund and all other institutions and agencies related to the United Nations system (A/6428, A/C.2/L.877 and Add.1-3)

Review and reappraisal of the role and functions of the Economic and Social Council: report of the Secretary-General (A/6303, chap. XV; A/6432, E/4216)

Decentralization of the economic and social activities of the United Nations (A/6003, chap. X, sect. II; A/6114, A/6429, E/4075)

13. Mrs. SOLOMON (Trinidad and Tobago), introducing, on behalf of the sponsors, draft resolution A/C.2/L.877 and Add.1-3, said that the lengthy title of the agenda item was an indication of the complexity and size of the problem dealt with in the draft resolution. The very diversity of the programmes and activities had created a vicious circle in which growing needs brought disappointing results, and such results discouraged the contribution of resources. Few States Members had a clear enough view of the over-all activities of all branches of the United Nations system to enable them to survey the whole spectrum of international assistance and select the type most suitable to their specific needs and national priorities,

and few of them were in a position to rationalize their national policies vis-à-vis international bodies.

14. The burden imposed on national administrations by membership in the various organs of the United Nations system had been recognized as early as 1947 in General Assembly resolution 125 (III). A study made at that time had found instances of the same plan being submitted to several agencies at once. Even yet, many Governments were unacquainted with the procedures to be followed when applying for assistance and few had assessed the cost to their countries of the assistance available. The need for a review of the kind proposed in the draft resolution could not therefore be challenged.

15. Recent changes in the composition and procedures of the Economic and Social Council would greatly strengthen its usefulness as the central co-ordinating body of the United Nations and the sponsors believed that the proposed general review would make it possible for the Council to do its work more effectively. The volume of the Council's work had, however, not been reduced and it was for that reason that the draft resolution proposed entrusting the general review to an ad hoc committee of experts, which would, of course, work in close co-operation with the Council's Committee for Programme and Co-ordination. The ad hoc committee would not attempt to duplicate the work already being done or planned by other bodies and would take special care to avoid adding to existing documentation. The sponsors considered that the experts on the Committee should be persons who, in the opinion of their Governments, were familiar with the economic and social development activities of the United Nations system and capable of viewing them objectively.

16. In conclusion, she stressed that the sponsors realized that the ad hoc committee could not be expected to produce more than a preliminary report on section I of operative paragraph 1 before the next session of the General Assembly and had accordingly made no provision for it to proceed to the work described in section II within a specified period.

17. Mr. RAHNEMA (Iran) recalled that, at the last session of the General Assembly, the representative of Malta had introduced a draft resolution similar to that which was now before the Committee.^{1/} His delegation agreed with the sponsors of the new draft resolution that the resources available to carry out the work of the United Nations family were limited; that the proliferation of United Nations bodies was disquieting; that duplication must be avoided; and that a clear and comprehensive picture of existing activities was necessary.

18. Nevertheless, the sponsors, in recommending in operative paragraph 1 that an ad hoc committee of experts should be set up to review the activities of the United Nations family, appeared to ignore all the work that had already been going on in the Economic and Social Council in order to reach the same goal. For example, at the forty-first session of the Council, a proposal had been made that a thorough and objective review should be undertaken of the

^{1/} See Official Records of the General Assembly, Twentieth Session, Annexes, agenda item 100, document A/6201, para. 3.

structure, functions, procedures, financing and performances of the United Nations family in the economic and social fields. It had been pointed out, however, that the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies was already dealing with that problem and the Council had therefore decided, in its resolution 1173 (XLI), to postpone consideration of it until 1967. He therefore asked the sponsors how far the work of the proposed new ad hoc committee would duplicate the work of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies whose report and recommendations had already been endorsed in General Assembly resolution 2150 (XXI). It might be wiser to await the implementation of those recommendations before establishing another committee.

19. Also at its forty-first session, the Council had decided, in its resolution 1171 (XLI), to reconstitute the Special Committee on Co-ordination as the Committee for Programme and Co-ordination and to consider the composition of that Committee at its resumed forty-first session. He again wondered to what extent the work of the ad hoc committee proposed in the draft resolution would duplicate the work of the Committee for Programme and Co-ordination.

20. Thus, the Council had already taken a number of constructive steps to improve the co-ordination of the economic and social activities of the United Nations family. The draft resolution appeared to complicate the Council's work and to defeat its own purpose by setting up yet another co-ordinating body. He hoped the sponsors would be able to give the necessary explanations in order to dispel those misgivings.

21. Mr. BOIKO (Ukrainian Soviet Socialist Republic) recalled that the growth in United Nations economic and social activities had led to increased emphasis in recent years on the need for co-ordination and the avoidance of duplication. The Economic and Social Council was considering how it could better fulfil its role as a co-ordinating body, and the Administrative Committee on Co-ordination (ACC) was taking a positive approach to co-ordination, rather than merely endeavouring to prevent duplication and overlapping. Inter-agency co-ordination had been the subject of specific recommendations by the Special Committee on Co-ordination. In order to avoid any duplication of the co-ordination work itself, the Council, in resolution 1090 G (XXXIX), had provided for joint meetings of ACC and the Special Committee on Co-ordination, in order better to discharge its functions as a co-ordinating body. It must also be remembered that the Council had its own Co-ordination Committee, which dealt with such matters as the calendar of meetings, documentation and provision for consultations.

22. The draft resolution before the Committee took insufficient account of the measures already taken to improve co-ordination and did not show how the work of the proposed committee was to be related to that of existing bodies. It would therefore be better to address the proposals contained in the draft resolution to one of those bodies, together with a recommendation for any changes in its membership which might be required. Such a step would be all the more appropriate

in the light of the probable establishment of permanent consultative machinery within ACC.

23. Of the two proposals contained in operative paragraph 1 of the draft resolution, the first made no reference to technical assistance activities, while it would be difficult to implement the second without overlapping with the work of existing organizations, including the Council. Indeed, by proposing the establishment of yet another co-ordinating body, the draft resolution defeated its own purpose. The establishment of such specialized bodies as the United Nations Conference on Trade and Development, the United Nations Development Programme, and the United Nations Industrial Development Organization underlined the urgent need for greater co-ordination of economic and social activities by the Council itself, and that objective could best be achieved by improving the existing machinery. Moreover, the General Assembly had just approved, in resolution 2150 (XXI), the recommendations contained in the second report of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies, in which it was stated (A/6343, para. 86 (c)) that the need was not for the creation of new bodies to ensure better and greater co-ordination, but for the streamlining and refurbishing of the machinery which already existed. Paragraph 90 of the report also contained specific proposals to enable the Council to carry out more effectively its responsibilities for co-ordination.

24. Mr. HOGENDORP (Netherlands) said that his delegation fully supported the draft resolution's basic aims of streamlining United Nations economic and social activities and relating operational activities to the specific requirements of recipient countries. However, the first proposal contained in operative paragraph 1 could lead to time-consuming and costly studies which would increase the already heavy burden of documentation still further. Furthermore, a number of United Nations bodies were already closely concerned with co-ordination, and the establishment of yet another committee seemed to conflict with the recommendations of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies, as well as with the objectives of the draft resolution itself. If such a committee were established, it would have to report to ACC, thereby involving duplication, additional costs and loss of valuable time.

25. It would therefore be better for the Committee to request ACC directly to draw up proposals for streamlining United Nations economic and social activities and relating them to the individual requirements of recipient countries; ACC could then submit an interim report to the Council at its forty-third session and measures could thus be taken in time for the United Nations Development Decade starting in 1970.

Mr. Boiko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

26. Mr. Donald MACDONALD (Canada) said his delegation had great sympathy with the motives of the sponsors of the draft resolution. Canada, in the Economic and Social Council and elsewhere, had

striven to improve co-ordination within the United Nations family. It had supported the efforts of the Council to fulfil its role of co-ordinator under the United Nations Charter and had also served in the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies. It therefore approved of the advances already made in co-ordination. It also agreed with the request made to the Secretary-General, in operative paragraph 5 of the draft resolution, for the necessary basic documentation. Such documentation should provide a clear and comprehensive picture, which was one of the aims of the draft resolution.

27. However, while favouring the basic aims of the draft resolution, his delegation could not agree on the means recommended for achieving them. Instead of setting up another committee, it would be preferable to request the Secretary-General for the necessary documentation and allow the Council to improve the co-ordination machinery. The Council might decide at a later stage to set up an ad hoc committee or to use the newly constituted Committee for Programme and Co-ordination. But it was too early to establish a new committee at the present stage.

28. Turning to agenda item 51, he recalled that during the past two years the Council had made major improvements in its working procedures. It had decided to re-arrange its work schedule; it had strengthened and given a new mandate to the Committee for Programme and Co-ordination; it had begun a promising new method of evaluating the impact of technical co-operation programmes on developing countries; it had taken steps to reduce the flood of documents; and it had provided a more adequate secretariat for ACC.

29. While the Council's review and reappraisal had produced encouraging results, important recommendations for further improvements in co-ordination had been made by the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies. States members of the Council, the Secretariat and the specialized agencies must now use the Council for the purpose which the authors of the Charter had had in mind. The tools were available; everyone must make better use of them. If the will existed to use the Council more effectively, it could fulfil the functions assigned to it in resolution 1156 (XLI).

30. In view of the satisfactory way in which the Council had reviewed its functions and of the recommendations made by the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies in its second report, his delegation felt that it would be sufficient for the Second Committee to include in its report the following passage:

"In noting the report of the Economic and Social Council, the Second Committee welcomed the progress recorded by the Council in its review and reappraisal of its role and functions and the improvements in its working methods and procedures described therein. The Second Committee indicated that it would follow with interest the implementation of the various decisions taken by the Council to improve its functioning and working methods, as well as the implementation of relevant recommendations of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies. The Second Committee may, as appropriate, consider this question further in the future."

The meeting rose at 12.55 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1066th
MEETING**

Thursday, 10 November 1966,
at 3.10 p.m.

NEW YORK

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AGENDA ITEMS 52, 51 AND 43

General review of the programmes and activities in the economic, social, technical co-operation and related fields of the United Nations, the specialized agencies, the International Atomic Energy Agency, the United Nations Children's Fund and all other institutions and agencies related to the United Nations system (*continued*) (A/6428; A/C.2/L.877 and Add.1-4)

Review and reappraisal of the role and functions of the Economic and Social Council: report of the Secretary-General (*continued*) (A/6303, chap. XV; A/6432, E/4216)

Decentralization of the economic and social activities of the United Nations (*continued*) (A/6003, chap. X, sect. II; A/6114, A/6429, E/4075)

1. Mr. AHMED (Pakistan) said that the Economic and Social Council had three major roles to perform: (a) to supervise the activities of its subsidiary bodies and the execution of the United Nations work programme in the economic, social and human rights fields; (b) to lay down broad policy guidelines in those fields; (c) to co-ordinate those activities, in accordance with the United Nations Charter. All those functions must be envisaged as a whole. The policy directives had to encompass the whole spectrum of the activities of the United Nations family and should be aimed at identifying priority objectives and areas with due regard for needs and resources, particularly of the developing countries. The policy decisions should be taken into account by the members of the United Nations family and the subsidiary organs of the Council in the formulation of their work programmes. The

other two functions of the Council were related to the adoption of effective measures for achieving the objectives and priorities laid down and to the need for avoiding duplication and the waste of limited resources.

2. In recent years, members of the United Nations family had become increasingly conscious of their role in furthering the economic and social progress of the developing countries and, although the bodies active in that field had been strengthened, the Council had not been given the means necessary to discharge effectively its increased functions. The Council's prestige was ebbing and doubts began to arise as to whether it could fulfil its role properly; it no longer reflected the new membership of the United Nations and the developing countries were chary of entrusting it with decision-making powers in fields of particular interest to them, so long as they were not adequately represented. The crisis of confidence which had paralysed the Council had been overcome by the increase in its membership in 1966 and, at its fortieth and forty-first sessions, it had vibrated with new life. It was in that new perspective that the three items on the Committee's agenda must be considered.

3. Practical measures must now be taken to strengthen the Council and enable it to play an effective role as the principal United Nations organ in the economic, social and human rights fields.

4. At its forty-first session, the Economic and Social Council had taken a number of decisions to improve its working methods. The most important concerned the division of work between its two sessions, the redefinition of the functions of the Committee for Programme and Co-ordination, the reduction of the burden of documentation, the limitation of certain functional commissions to biennial sessions, the staffing of the Administrative Committee on Co-ordination (ACC), co-ordination and co-operation among planning, training and research institutes, the analytical reports to be submitted by the specialized agencies and the International Atomic Energy Agency (IAEA), and the evaluation of technical co-operation programmes. All those measures, together with greater use of the Advisory Committee on the Application of Science and Technology to Development and of the Committee for Development Planning, should enable the Council to discharge its functions better. For that purpose, it was necessary to have a clear picture of the operational and research activities of the United Nations family and of the modifications to be made in existing activities, procedures and administrative arrangements so as to enable the Council to play its central co-ordinating role. The dead wood that had accumulated over the past twenty years must be removed and the whole system streamlined.

5. It was in that spirit that the Pakistan delegation had become one of the sponsors of the draft resolution contained in document A/C.2/L.877, whose initial aim was an assessment of the present activities of the United Nations family so that Governments could appreciate better the types of assistance they could expect from the United Nations. Secondly, the draft resolution contained recommendations for the modifications necessary to ensure the smoother functioning of the co-ordinating bodies by providing them with clear guidelines for their activities.

6. He drew attention to the fact that in its second report (A/6343) the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies had stressed the central role entrusted to the Council by the Charter with respect to studying international questions in the economic, social, cultural, educational, health and related fields and also to the need to strengthen certain elements in the techniques now being used and to improve existing co-ordination procedures. To that end, it was essential to clear the backlog and to obtain a clearer picture of the aims of co-ordination.

7. The Ad Hoc Committee of Experts had also stressed that, because of the immense needs of Member States, the best use must be made of limited resources by means of adequate planning and co-ordination of the whole United Nations effort. It recommended that the reconstituted Special Committee on Co-ordination should examine co-ordination procedures at an early stage and for that purpose an over-all review of all the activities in those fields and a rationalization of the whole system was first necessary. It had been suggested that the general review should be entrusted to the Committee for Programme and Co-ordination, but that Committee had a continuing function to perform which it could not discharge properly so long as the system had not been rationalized; it still would have to undertake a broad review of the activities of the United Nations in one or two selected fields. So long as the general review had not taken place, it would be difficult to divide the work between the two sessions of the Council on the basis of a factual analysis. He therefore hoped that those delegations which had opposed the draft resolution because it provided for the establishment of a new committee should reconsider their position, because neither the Committee for Programme and Co-ordination nor the Economic and Social Council could themselves undertake the necessary general review.

8. The United Nations family should already be looking forward to the next United Nations Development Decade with a view to accelerating the economic growth of the developing countries through practical measures which would be better co-ordinated than those of the first Development Decade. It was mainly in order to avoid a repetition of what had happened during the first Development Decade that the Pakistan delegation had joined in sponsoring the draft resolution. Like most delegations, it was particularly keen that all the members of the United Nations family should be better equipped and oriented towards meeting the demands that would be made during the next Development Decade. The committee envisaged in

the draft resolution should make all the necessary recommendations for that purpose and should inspire the developing countries with greater confidence in the ability of the United Nations family to achieve the goals of the 1970's. He invited all members of the Second Committee to consider the draft resolution in that light and to support it.

9. His delegation accepted the suggestion that a passage should be included in the Committee's report on the measures already taken by the Economic and Social Council to improve its working methods. The exact wording would have to be worked out later.

10. The item on decentralization should be considered in greater detail only after the submission of the report of the proposed ad hoc committee on its general review. Decentralization was also closely linked with the question of regional development which was mentioned in operative paragraph 1, section II (b), of the draft resolutions and which had been postponed until the next session of the General Assembly.

11. The sponsors of the draft resolution would gladly accept any constructive suggestions which might be made and he was convinced that those delegations which had misgivings about the draft resolution would nevertheless conclude that the general review envisaged was particularly necessary at a time when the Economic and Social Council was regaining its vitality and was enjoying the confidence of all members of the United Nations.

12. Mr. NEDIVI (Israel) said that his delegation had a particular interest in the subject of the draft resolution before the Committee. There was a need for better presentation of data by the Secretariat, especially in the sphere of economic development. His delegation, as its representative on the Fifth Committee had stated, favoured programme budgeting and a separate chapter for social and economic activities. It would be desirable for the Second Committee to also consider making a functional analysis, thus supplementing the work of the Fifth Committee and the Committee for Programme and Co-ordination in regard to programme budgeting. The proposed general review would certainly affect the Council and would raise sensitive organizational issues: that was a further reason for undertaking it, even in the face of institutional opposition.

13. He understood section I of operative paragraph 1 of the draft resolution to mean that the Ad Hoc Committee of Experts would engage in some form of elementary functional analysis and would conclude that it was necessary to eliminate operations which involved duplication and to prune some structures of United Nations bodies concerned with economic development. It would have been preferable if that had been stated in the draft resolution, since the cost of assistance to recipient countries might reflect structural defects in the bodies disbursing it.

14. If the majority so desired, his delegation would not be opposed to entrusting the proposed general review to the Committee for Programme and Co-ordination, rather than to the proposed committee, although it believed that the Committee for Programme and Co-ordination was already sufficiently burdened with the day-to-day work of co-ordination

at the administrative and political levels and the application of the new concept of programme budgeting. It could not give great prominence to problems which were the primary concern of the Second Committee. Moreover, since it did not report directly to the General Assembly, it probably could not be as bold in its recommendations affecting the structure of autonomous organizations. The question had at last been placed before the Economic and Social Council and that might not have been done so promptly but for the insistence of the two original sponsors of the draft resolution on bringing the matter to the General Assembly. Besides, the enlarged Economic and Social Council might not yet be the vehicle for progressive economic thinking envisaged by the Charter. The reappraisal of its role was a long-term task and improvement in its methods of work would not of itself produce the leadership and basic policy-making ability expected of it. While the budgetary and co-ordinating bodies were engaged in translating the measures adopted by legislative organs into fact, the Economic and Social Council should be constantly reviewing the actual need for such measures.

15. Although the need for economy was recognized, new programmes continued to be approved without reference to their priority in relation to the resources available. When it came to voting on expenditure to increase the efficiency of the voting procedure, however, there was reluctance to take the decision. In any event, an investigation of output could obviously not be entrusted to those who were to be the subject of the investigation. If the United Nations was behind the times from the administrative point of view, that was because, like all institutions, it had acquired a momentum of its own which was not always relevant to its original declared aims. In order to carry out the proposed general review, recourse should be had to an ad hoc committee which could not develop its own institutional interests. The structure of the Organization should be uncovered without fear of the facts, because the financial results of structural faults were borne by both donors and recipients. Representatives in the Second Committee should be able to have access to the facts in order to convince their Governments of the need for better co-ordination of the instructions given to their representatives in the United Nations and other bodies.

16. The text of section I of operative paragraph 1 of the draft resolution was, in his opinion, not very clear in regard to the decentralization of the economic and social activities of the United Nations, a matter of particular interest to his delegation. He wished to know whether the text applied to the regional economic commissions, whose activities had to be co-ordinated with those of Headquarters, the specialized agencies and other bodies. The Secretary-General had indicated in his report on decentralization (E/4075), to the Economic and Social Council at its thirty-ninth session, that the work of decentralization had gone far enough. Israel, which was not yet a member of a regional economic commission, had found that decentralization also had the effect of accentuating the difficulties of countries in that situation. In the absence of a regional economic commission in the region in which Israel was situated, some countries of that

region had had recourse to the services of an outpost of the Secretariat; the United Nations Economic and Social Office in Beirut, which was closed to Israel, contrary to the principles of freedom of access for all States Members to United Nations offices and meetings.

17. The solution of the immediate problems of countries which were not yet members of a regional economic commission was not beyond the United Nations. Proof of that was supplied by the broad regional divisions adopted by the General Assembly in its resolution 1995 (XIX) for the composition of the Trade and Development Board. If one considered that, on occasion, the African and Asian groups operated separately, it would be seen that there were currently in the United Nations only five recognized geographical groups: the African, the Asian, the Latin American, that of Europe, and that of the socialist countries. All Member States should be able to belong to one of the regional economic commissions, if the latter were adapted to the five regional groups in question. The proposed ad hoc committee should, in its general review and census of activities, assess the policy of decentralization, remembering that that policy could not be extended without prejudicing those Member States which did not yet belong to a regional economic commission. An immediate solution to the problems of those countries was a prerequisite for even continuing the current policy of decentralization.

18. Mr. INGRAM (Australia) said that the discussion so far had dealt with the methods of the proposed review rather than with its aim. His delegation believed that greater stress should be placed on the latter point. It was prepared to support any rational review method agreed to by the great majority, including the establishment of an ad hoc committee of experts. The proposal to set up such a committee had given rise to many objections. Nevertheless, it was not the first instance of a body of that kind. The Second Committee itself had decided in 1965 to establish the Ad Hoc Committee on the United Nations Organization for Industrial Development and the Fifth Committee had set up the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies. The Economic and Social Council was, of course, responsible under the Charter for co-ordinating the activities of United Nations bodies. Under Article 60 of the Charter, however, the ultimate authority in that respect was vested in the General Assembly and his delegation had no objection to the Second Committee's asking the General Assembly to exercise that authority.

19. There was therefore nothing to prevent the establishment of an ad hoc committee of experts, although other possibilities still remained. It had been proposed, for instance, to entrust the task to the Committee for Programme and Co-ordination. It should be borne in mind, however, that if such a decision were made, that Committee would have to devote the whole of one session to the matter. It might have to have a larger membership and it should report to the General Assembly and not only to the Economic and Social Council.

20. Turning to the scope of the review, it would be worth while to define more clearly the concept of

co-ordination, since the debate so far showed that there appeared to be some confusion about the exact meaning of the word. Co-ordination was treated in some instances as a continuous process and in others as an end in itself. Generally speaking, the draft resolution under discussion did not deal with co-ordination as a continuing process, as did, for example, the recommendations of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies. It was concerned more with what the Netherlands representative had called the evolution of a general strategy of development. The development of a strategy of that kind was inconceivable unless an exhaustive inventory was made beforehand of United Nations bodies and their activities. Often delegations were called upon to take decisions when they were, in fact, unaware of the functions and, sometimes, even of the existence of organizations. Such an inventory would cover operational and research programmes which had been in existence for years and would include the extremely important work of evaluating the extent to which the aims of the programmes had been achieved. In that respect, the criteria listed in section II of operative paragraph 1 might be regarded as criteria to be used in making that evaluation. The draft resolution might be improved if a clearer distinction were made between those two aspects, the inventory of activities and their evaluation. It would then be impossible to accuse the Ad Hoc Committee of duplicating the work of any existing body.

21. That criticism was perhaps due to the fact that the review which the ad hoc committee was requested to make was to include recommendations on modifications in existing activities, procedures and administrative arrangements which, though necessary and desirable, might, in fact, encroach upon the co-ordinating functions of other bodies. In operative paragraph 6, the ad hoc committee was, however, requested to submit a mere preliminary report to the General Assembly. Consequently, nothing asked of it at present affected actual co-ordination measures. It certainly seemed possible, as the representative of Canada had suggested, to ask the Secretary-General to prepare the inventory. That was, however, a highly complex task and was, moreover, closely linked to the evaluation of activities. It would therefore be to the Secretary-General's advantage, in the present instance, to have the assistance of Governments and, accordingly, that of an intergovernmental body such as the ad hoc committee. A census of that kind was bound to raise complex issues of methodology, particularly with regard to the meaning of such expressions as "operational activities" and "research activities". In any event, in order to collect the documentation referred to in operative paragraph 5, the Secretary-General would need the help of an advisory body.

22. Mr. VIAUD (France) said that the question of the role and functions of the Economic and Social Council had changed both in form and content over the past three years. At the outset, the Council's role in the structure of the United Nations might have been questioned, but those doubts had now been dispelled. Its membership had been increased to twenty-seven and it had started to reorganize itself. Everyone

was now confident that it would fulfil the role assigned to it under the United Nations Charter.

23. The outcome of the Committee's debates and decisions, however, depended on its answer to the basic question of the relationship between the Council and the General Assembly. The Council was the organ responsible for the technical preparation of the Assembly's work for ensuring that the Assembly's decisions were implemented and for carrying out the work assigned to it by the Assembly. Mutual trust between the Assembly and the Council, which was its secular arm in economic and social matters, was essential. It was not in the interest of the United Nations to refer everything to the General Assembly, which could not and should not deal with everything. The Council was and would remain the faithful servant of the Assembly, and the developing countries which were members of it had so far taken an active part in its work and were intent on making it the central co-ordinating body for development. It would be a mistake to oppose that trend.

24. A distinction should be made between the substance of the draft resolution before the Committee (A/C.2/L.877 and Add.1-4) and its form, in other words, between the subject of the review and the procedures suggested for carrying it out. The value of a clear and comprehensive picture of operational and research activities could hardly be disputed. However, the vagueness of the wording might well lead to a review of all the international organizations linked, however loosely, to the United Nations. Thus, the review, which would include everything but administrative activities, would take on truly Herculean proportions. It was therefore necessary to specify and limit the terms of reference of the proposed committee. Even if the proposed review were to be restricted to operational technical assistance activities, clarification would still be required as to whether it was to concern itself with technical assistance proper or economic aid in general and as to how the review of the activities of institutions peripheral to the United Nations and specializing in assistance should be approached.

25. In the present circumstances, it was doubtful whether the establishment of another body was the best solution. To set up an ad hoc committee of the General Assembly would be an inadmissible gesture of distrust in regard to the Economic and Social Council, which had taken a number of decisions in 1966 which augured well for the future. The establishment of such a committee would be all the more untimely because the Council had just unanimously adopted resolution 1173 (XLI) which provided for a thorough and objective review and evaluation of the structure, functions, procedures, financing and performance of the specialized agencies as well as the programmes of the United Nations in the economic and social fields.

26. Mr. VARELA (Panama) expressed surprise at the doubts which had been voiced regarding the proposals contained in the draft resolution, of which his delegation was a sponsor. The purpose of the draft resolution was not the preparation of new and copious studies; on the contrary, its laudable aim was to cut through the dense wood of the profuse and complex

activities of the United Nations family so as to see the trees and determine their quality. Far from seeking to minimize the functions of the Economic and Social Council, those proposals were in fact the logical outcome of its resolutions. Indeed, to enable the Council to undertake the review proposed in its resolution 1173 (XLI), it was essential to take a complete inventory of existing organizations, their functions, expenditures, usefulness, etc. That was evidenced by the fact that the Council itself had recognized, in its resolution 1171 (XLI), that it had been impossible for its Special Committee on Co-ordination to fulfil in its entirety the task assigned to it of examining in detail the work programme covering the various units of the Department of Economic and Social Affairs, including the regional economic commissions, the Division of Human Rights and the Division of Narcotic Drugs. The inventory proposed in the draft resolution was essential to facilitate the work of the new Committee for Programme and Co-ordination, and the Panamanian delegation for its part could not accept that Committee's conclusion that the evaluation of programmes should be entrusted to the Governments of recipient countries; that procedure might jeopardize the prestige of the United Nations and would not ensure the necessary objectivity.

27. Economic and Social Council resolution 1173 (XLI), to which the French representative had referred, bore no relation to the work assigned to the Special Committee on Co-ordination in resolution 1171 (XLI); in the former resolution the Council requested the Secretary-General to provide it with available documentation to enable it to consider the question of a thorough review and evaluation of the functioning of the specialized agencies and IAEA as well as the programmes of the United Nations. That documentation might be too diffuse to give the Council an over-all picture of the work of the United Nations and its organizations and of the resultant benefits for developing countries; the inventory referred to in the draft resolution would make it easier for the Secretary-General to submit to the Council such a document presenting an over-all picture. The proposals contained in the draft resolution were not only in conformity with Council resolution 1173 (XLI), but were also essential, because there could be no co-ordination of activities without an inventory of those activities and the way in which they were carried out.

28. The inventory could also facilitate the decentralization of United Nations economic and social activities. Without a sufficiently clear picture of those activities, the essential work of decentralization might lead to the proliferation of organizations and duplication.

29. He therefore hoped that those delegations which had expressed doubts concerning the draft resolution would give closer study to its aims, scope and proposed measures, and would realize that the proposed study would help ACC and the Committee for Programme and Co-ordination in fulfilling the dynamic functions assigned to them by the Economic and Social Council in resolution 1171 (XLI).

30. The Council itself had undertaken a review and reappraisal of its role and functions and had adopted

resolution 1156 (XLI), and there was therefore no need to comment on that matter.

31. Mr. PISANI MASSAMORMILE (Italy) said that everyone recognized that it was difficult to form an accurate idea of United Nations economic and social activities and that they must be clarified and co-ordinated.

32. With regard to the Economic and Social Council's role in that connexion, its new membership was clearly more in line with the geographical distribution of States Members of the United Nations and it could thus do more valuable work. In addition, the establishment of the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Industrial Development Organization (UNIDO) had lightened its burden so that it could henceforth devote more time to co-ordination.

33. His delegation, while supporting the draft resolution, believed that the subject and the aims of and the reasons for co-ordination should be clarified. It was too easy to say that it was intended to prevent duplication and overlapping, which were not necessarily always undesirable; often, when two organizations were dealing with the same matter, their work was complementary and each could benefit from the other. It was gratifying that the sponsors of the draft resolution had used the term "operational activities". It was indeed chiefly in technical assistance that it was important to avoid duplication, which might prove very costly, particularly for the recipient countries, in terms of counterpart funds. An attempt should first be made to define economic and social objectives and priorities. The Italian delegation had no preference as to whether the responsible body should be the proposed new *ad hoc* committee or the Committee for Programme and Co-ordination. The main point was to define the work to be assigned to it.

34. Mr. LUTCHMAN (Trinidad and Tobago) announced that the delegation of Kenya had become a sponsor of the draft resolution.

35. He was sorry that delegations still had misgivings about the draft resolution, despite the consultations preceding its preparation, and would try to answer the comments made.

36. The representative of Australia had made a distinction between the process of co-ordination and the full review called for in the draft resolution. Like planning, however, co-ordination had to be spread over the past, the present, and the future. At the present time, co-ordination was a permanent function of the Economic and Social Council. The Council, reinforced as it now was, was certainly able to discharge that function, and the recommendations made by the *Ad Hoc* Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies with a view to improving the process of co-ordination would certainly have beneficial results. Nevertheless, as the representative of the Netherlands had very correctly pointed out, it was right to look to the future and devise a comprehensive strategy. In calling for a review of the present situation, the sponsors of the draft resolution were, in fact, seeking to lay down a solid basis for working out that strategy.

Instead of duplicating the recommendations of the Economic and Social Council and those of the Ad Hoc Committee of Experts, the review proposed in the draft resolution would facilitate the Council's work of co-ordination.

37. Furthermore, his delegation was convinced that that review of the present situation was needed just as much by Member States to co-ordinate their activities and their policies at the United Nations and in the organizations associated with it, and sometimes even at the national level.

38. Some delegations had expressed misgivings that the proposed review would merely duplicate the review proposed in Economic and Social Council resolution 1173 (XLI). The sponsors of the draft resolution believed there could be no conflict of competence in that connexion between the General Assembly and the Council, since, if the latter was to carry out its co-ordination duties efficiently in the service of the Assembly it had to be given the necessary tools by the Assembly, namely, all the material specified in the draft resolution.

39. Some delegations had wondered whether a committee of experts rather than the existing bodies should undertake the review. Surprisingly, however, it was the same delegations which had emphasized the magnitude of the work involved in the review. The sponsors of the draft resolution believed the work was too vast to be carried out by the existing bodies which were already overburdened and handicapped precisely because no review of the kind they advocated existed. The sponsors were not, however, in favour of any unnecessary proliferation of United Nations organs and were prepared to consider amendments to their draft resolution which might clarify the terms of reference of the proposed committee of experts, or even to assign the work to existing bodies, though they emphasized that that method would certainly not result in fewer meetings or documents.

40. Mr. LORENZO FERNANDEZ (Brazil) believed that the draft resolution, of which his delegation was a co-sponsor, had evoked interesting and useful comments and suggestions. The proposals embodied were essentially the kind to enlist the active co-operation of all delegations. They were free from political motive in the matter of substance and intended merely to ensure the efficient operation of the United Nations family; they need not, therefore, give any Government concern. As the representative of Trinidad and Tobago had stated, the sponsors were prepared to accept any suggestions which would lead to a well-conceived and generally satisfactory text.

41. The United Nations obviously had enough co-ordinating organs and instead of adding to them, the existing machinery should be improved. The Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies had, in its excellent report, gone beyond the question of the optimum use of facilities for achieving certain objectives and had dealt with the objectives themselves. It was also interesting to note that, although the problem of the relative usefulness and merit of the various operational and research activities had been

considered by the Economic and Social Council for a long time and although the question of objectives and priorities was one which particularly concerned the Second Committee, it was the Fifth Committee which had first taken practical measures in that direction [resolution 2150 (XXI)] on the recommendation of the Ad Hoc Committee of Experts.

42. The sponsors of the draft resolution, concerned not with the problem of the co-ordination process as such, but, as the representative of Australia had pointed out, with its ultimate objectives, wished Member States and, in particular, the most recent of them, to have a clear picture of the operational and research activities and an analysis and suggestions comparable to those contained in the report of the Ad Hoc Committee of Experts. Duplication and lack of co-ordination were, to a large extent, due to the adoption by the General Assembly of many resolutions which reflected differences between the political positions and the economic interests of different States and that situation could only be changed by long and patient effort in the direction of general agreement. Nevertheless, the lack of co-ordination which was hampering the effectiveness of the entire United Nations family was also largely attributable to the fact that Governments and their representatives had an imperfect knowledge of the whole pattern of economic and social activities. Those activities had, in fact, gone through a process of natural growth and had never been viewed as a whole. It was, therefore, essential to have a clear idea of the objectives besides trying to improve utilization of the means. There would have to be a more thorough functional analysis of the entire United Nations system.

43. Many delegations had wondered whether the review proposed in the draft resolution ought not to be assigned to the Council's Committee for Programme and Co-ordination, which, according to the recommendation of the Ad Hoc Committee of Experts (A/6343, para. 90 (h)) which the General Assembly had just adopted, would consist of twelve experts, rather than to an ad hoc committee of experts. He believed that the Council's Committee would be too small to do the work but was not against considering that possibility, on the understanding that, whatever method was adopted, it would have to reinforce the means of action available to the Council and enable it to serve the General Assembly, the principal organ of the United Nations, more effectively. Contrary to the fears expressed by the representative of France, the sponsors, instead of by-passing the Economic and Social Council, sought to make its work more fruitful by collecting all existing information in the form of a clear analysis of programmes and priorities.

44. In conclusion, he expressed the hope that an exchange of views on the draft resolution would lead to a text likely to promote the adoption of judicious measures. The United Nations had completed an important phase of its development and, with UNCTAD, the United Nations Development Programme, UNIDO and the increased membership of the Council, it now had a complex economic and social system which had only to be operated in a manner compatible with its objectives.

The meeting rose at 5.50 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1067th
MEETING

Friday, 11 November 1966,
at 10.45 a.m.

NEW YORK

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AGENDA ITEMS 52, 51 AND 43

General review of the programmes and activities in the economic, social, technical co-operation and related fields of the United Nations, the specialized agencies, the International Atomic Energy Agency, the United Nations Children's Fund and all other institutions and agencies related to the United Nations system (continued) (A/6428, A/C.2/L.877 and Add.1-4)

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Decentralization of the economic and social activities of the United Nations (continued) (A/6003, chap. X, sect. II; A/6114, A/6429, E/4075)

1. Mr. VLADOV (Bulgaria) said that the recent enlargement of the membership of the Economic and Social Council would enable it to better fulfil its functions. What was now needed was not a revision of those functions, but a comprehensive programme of action giving priority to the social and economic development of the developing countries and more co-operation between countries with different social systems.

2. Many smaller delegations were finding it difficult to cope with the growing volume of documentation and the wide variety of economic and social programmes. There was a lack of well-established priorities and the machinery for evaluating performance was inadequate. There was therefore a pressing need for administrative and functional co-ordination under a long-term plan for setting priorities and ensuring that resolutions were fully implemented in accordance with the resources available. Such co-ordination was best achieved through the existing machinery, and new committees should be set up only if the need for them was established beyond question.

3. Because of those considerations, the Bulgarian delegation, while fully supporting the objectives of the draft resolution (A/C.2/L.877 and Add.1-4), believed that it was not likely to improve the co-ordination of United Nations activities and would complicate matters still further.

4. Mr. GALLARDO MORENO (Mexico) noted that the lack of any over-all plan to co-ordinate the growing number of United Nations economic and social activities had impaired the effectiveness of the Economic and Social Council and even the prestige of the United Nations. The objectives of the draft resolution were therefore wholly justified, but the Mexican delegation had serious doubts as to its timeliness. The organization principally concerned with co-ordination, planning and evaluation was the Council which, following the establishment of the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Industrial Development Organization (UNIDO), was much freer to concentrate on co-ordination, and a number of important steps, including the transformation of the Special Committee on Co-ordination into the Committee for Programme and Co-ordination, had been decided on in accordance with the recommendations of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies. If the proposed committee were set up, its work would inevitably overlap with that of the Economic and Social Council and the Committee for Programme and Co-ordination; its establishment before the Council had had an opportunity to report on its own co-ordination effort might well be regarded as a lack of confidence in the Council.

5. The Committee should merely recommend that a clear and comprehensive picture of existing operational and research activities of the United Nations family of organizations in the field of economic and social development should be established through the existing machinery. At its next session, the General Assembly could then decide, on the basis of a report by the Secretary-General and the report of the

Council, whether or not a new committee should be set up to make specific recommendations.

6. Mr. ROOSEVELT (United States of America) welcomed the fact that delegations of both the developed and developing countries were attaching increased significance to co-ordination and programming, the functioning of the Economic and Social Council and the proper division of responsibility between Headquarters and the field. The Council had taken a number of important steps to improve its effectiveness and co-ordination and it had also rearranged its calendar of meetings. His delegation therefore agreed with the Canadian representative (1065th meeting) that the Committee should note the progress recorded by the Council in its review and reappraisal of its role and functions, and indicate that it would follow with interest the implementation of the various decisions taken by the Council in that matter.

7. Since the General Assembly, in its resolution 2150 (XXI), had endorsed the report of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies (A/6343), his delegation hoped that the Council would be in a position, at its forthcoming resumed session, speedily to decide on the size and composition of the new Committee for Programme and Co-ordination. It was to be hoped that the latter would be composed of expert representatives from the general membership of the United Nations and that its size would be such as to enable it to function as an effective working committee.

8. The increased concern shown by developing countries with the organization and functioning of the operational and research activities of the United Nations system was appropriate and timely, and his delegation fully endorsed the objectives of the draft resolution. It also agreed that the general review should be carried out in two stages: a fact-finding inquiry which should be undertaken immediately, and the submission of recommendations for the more effective functioning of the programmes under consideration. That would be a difficult and time-consuming undertaking, as the sponsors of the draft resolution had recognized in proposing the submission of only a preliminary report on the first phase to the General Assembly at its twenty-second session.

9. The United States delegation wished to make a number of suggestions for consideration of the sponsors. The information to be gathered might be more clearly defined, for example, by recommending the preparation of a list of all projects being carried out in each country, together with their status and relevant cost information. Such a list should include projects financed through the assessed budgets of the United Nations and the specialized agencies, as well as those financed out of voluntary funds, for example, through the United Nations Development Programme (UNDP). An inventory of research activities undertaken by the United Nations and the specialized agencies, indicating clearly the authority under which each project had been undertaken and its relationship to field or operational activities, could also be compiled. The preparation of a handbook on all procedures, criteria and probable cost to developing countries seeking and receiving assistance would also be useful, both as a basis for subsequent recommendations and to help

developing countries find their way through the maze of current programmes and activities.

10. With regard to the inter-governmental mechanism which might be set up to prepare the reports referred to in section I of operative paragraph 1, the first preference of his delegation was that the Council and its Committee for Programme and Co-ordination should be used since they were best suited for the purpose. However, there was a widespread belief that the body concerned should have the full authority of the General Assembly behind it, and that too great a strain might be imposed on the Council and the Committee for Programme and Co-ordination if they had to formulate the recommendations proposed in the draft resolution in addition to their ongoing programme. Nevertheless, there was general recognition of the close link between the draft resolution and the work being carried out by the Council. It might therefore be possible to establish a committee consisting of the members of the Committee for Programme and Co-ordination together with a number of other qualified representatives of countries selected by the President of the General Assembly after the usual consultation with delegations.

11. If such an approach was acceptable to the Second Committee, a final decision on the size and composition of the new body would have to be deferred until the Council had decided on the size and composition of its Committee for Programme and Co-ordination. The new committee would have to review the activities in its purview from the point of view of the developing countries, and would therefore need to obtain information from a broad cross-section of those countries. In that connexion, it might well be necessary, for example, to simplify the project intake system, in order to eliminate uncertainty among the developing countries as to the optimum programme for their particular requirements. The Secretary-General's note on decentralization^{1/} indicated that a satisfactory equilibrium had been attained between Headquarters and the regions. The Committee need take no action beyond noting the report.

12. Mr. WILMOT (Ghana) said that the review and reappraisal of the Economic and Social Council's role served to identify the Council's responsibilities and to indicate ways and means of discharging them effectively. The first of those aims had been achieved: there was general agreement that the Council was the governing co-ordinating and policy-making body for the economic and social activities of the United Nations system. The enlargement of the Council had made it more representative and therefore better equipped to fulfil its functions.

13. The measures adopted by the enlarged Council to streamline its working procedures were welcome, particularly the rearrangement of its work schedule, the establishment of the Committee for Development Planning, the reorganization of the Special Committee on Co-ordination, the improvements in documentation, and the decisions relating to meetings of subsidiary organs. Nevertheless, those measures barely scratched the surface. While the Council was to con-

^{1/} Official Records of the Economic and Social Council, Thirty-ninth Session, Annexes, agenda item 13, document E/4075.

sider further proposals at subsequent sessions, the Committee should recommend improvements. Despite the work of the Special Committee on Co-ordination and the Administrative Committee on Co-ordination, serious problems of overlapping and duplication still existed.

14. The Ghanaian delegation therefore sympathized with the objectives of the draft resolution. Reference had been made to the fact that the Council was doing what the draft resolution proposed and that a number of other bodies were also closely concerned with co-ordination, but those criticisms were irrelevant to the basic objectives of the draft resolution. The proposed study, which was essential for proper co-ordination, was neither in existence nor in the course of preparation. The report of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies did not count as such a study, since it reviewed United Nations activities from the point of view of financing rather than that of the relationship between programmes and the development needs of recipient countries.

15. However, his delegation could not agree with the proposal that a committee should be set up to carry out the study. If Governments were represented by experts, that work could be done by the Committee for Programme and Co-ordination, particularly if its membership was increased to twenty. Such a step would also enhance the Council's co-ordinating role. It was difficult to reconcile the argument that the Committee for Programme and Co-ordination would not have enough time to make the study with the need for improved co-ordination, since it could not do its work effectively without all the knowledge essential to prevent duplication and overlapping. That Committee should therefore deal exclusively with the proposed study for the whole of 1967.

16. Ghana therefore suggested to the sponsors of the draft that the General Assembly should be asked to request the Council to instruct its Committee for Programme and Co-ordination to make the comprehensive study exclusively within a specified period of time and to report, together with appropriate recommendations, to the Assembly through the Council.

17. The regional economic commissions must be strengthened still further by greater decentralization and receive more resources. In addition, inter-regional co-operation should be encouraged so as to enable the regional economic commissions to share their experiences. The comprehensive study and recommendations called for in the draft resolution should result in more co-operation between the commissions and other members of the United Nations family, such as UNCTAD and UNIDO. His delegation endorsed the plan to hold a meeting of the Executive Secretaries of the regional economic commissions and the future Executive Director of UNIDO. Meetings of that kind should be held regularly. The commissions should also co-operate closely with the corresponding regional political organizations. For example, if the Organization for African Unity laid down a policy on some aspect of economic development, the Economic Commission for Africa should co-operate with it in devising ways and means of implementing it.

18. In view of its heavy agenda, the Second Committee should also undertake a review and reappraisal of its work programme. Certain items should be handled entirely by the Council. The Committee should examine the report of the Economic and Social Council (A/6303 and Add.1), as at present, but under the item concerning that report (item 12) it should deal only with matters which were specifically referred to it or which required special attention. It should also consider the World Economic Survey, 1965^{2/}, the United Nations Development Decade, the reports of UNCTAD, UNIDO and UNDP, and the economic activities of the United Nations family. With those five or six major items, it would be better equipped to discharge its functions properly.

19. Mr. MAKEEV (Union of Soviet Socialist Republics) said that the economic and social activities of the United Nations had grown enormously in range, volume and complexity. The central function of the Economic and Social Council, as laid down in the United Nations Charter, was to provide over-all policy guidance and to co-ordinate all those activities. To ensure such co-ordination, all existing resources must be concentrated on the solution of the most important problems of development. Co-ordination should be achieved not by establishing more committees and increasing staff and expenditure but by a rational use of existing resources. The Council and the specialized agencies should concentrate on such important issues as international economic co-operation, the abolition of the economic consequences of colonialism in the developing countries, the development of the State sector, the training of national personnel, the better organization of technical assistance, democratic land reform and the safeguarding of the sovereignty of the developing countries over their natural resources.

20. The Council and the specialized agencies should make greater efforts to meet the needs of the developing countries by pooling their experience and by formulating measures for democratic social reforms. They should concentrate on such matters as the rational distribution of national income, the proper use of domestic resources, the role of the State in the social sector, medical services and free social insurance, literacy, education, vocational and technical training, and measures to combat unemployment. In the field of human rights, the Council and its subsidiary organs should strive to eradicate colonialism, racialism, slavery and apartheid, while seeking to bring about the implementation of decisions already taken by the General Assembly and other bodies.

21. The Council must lay down general policy, delimit the functions of its related organs and above all consider the financial implications of the proposals put forward. The increase in the membership of the Council had made it more representative and enhanced its authority to act effectively as a promoter of international co-operation. At the same time, it must establish priorities and eliminate obstacles to co-ordination. It must try to make the work of the United Nations more effective and to cut down expenditure on unnecessary and secondary activities.

^{2/} United Nations publication, Sales No.: 66.II.C.1.

In spite of the advances made, the present state of affairs left much to be desired and co-ordination was in danger of becoming a perennial problem.

22. Committees continued to proliferate and documents to pile up. Delegations were becoming so overburdened that they were no longer able to obtain a clear picture of what was going on or to make rational proposals. New bodies were set up to deal with unimportant matters and often duplicated bodies already in existence. For example, quite recently, the Second Committee had adopted a draft resolution (see A/6533, para. 20) which set up a new body to make a survey of activities in marine science and technology, whereas the UNESCO Intergovernmental Oceanographic Commission and other institutions were already dealing with the matter. There were many examples of such duplication.

23. Delegations continued to talk about the need for streamlining but continued to recommend the establishment of new bodies, which resulted in extra expenditure and machinery, without bearing in mind the need to concentrate on priority problems. They must therefore develop a sense of responsibility in adopting decisions and bear in mind the requirements of the whole United Nations family. If that sense of responsibility was lacking, no co-ordinating body could remedy the situation. There were already a great number of co-ordinating bodies. One of the most important had been the Special Committee on Co-ordination but it had not done its work properly because it had been badly organized. For example, its last session had been scheduled two days after the completion of the work of the Committee for Industrial Development. Many delegations had therefore been unable to cope with the bulky documentation and few had been able to take an active part in the session and put forward constructive proposals. Nevertheless, the work of the Special Committee on Co-ordination was of paramount importance since, under Economic and Social Council resolution 1171 (XLI), it was to fulfil a whole range of new tasks.

24. His delegation had always favoured greater authority for the regional economic commissions but in fact their services had not always been properly used. For example, the Centre for Industrial Development had organized a number of symposia and seminars instead of calling upon the regional economic commissions. In that way resources could have been saved and more assistance given to the developing countries. The resolutions adopted on the decentralization of the economic and social activities of the United Nations should be properly implemented with the help of long-term planning and concentration on major issues.

25. The Secretariat could also play a much more active role in helping delegations to tackle the problems of economic and social development. Unfortunately, in some cases, the Secretariat had assumed the role of a mere bystander, submitting documents on financial implications but giving no guidance on how proposals might be implemented. The Secretariat, of course, should not interfere in the actual taking of decisions but it should provide all the information necessary for adopting them. There was also a wide gap between the policy-making bodies and the bodies

which took the relevant financial decisions. The Fifth Committee often acted merely as a rubber stamp and the Advisory Committee on Administrative and Budgetary Questions confined its activities to slight reductions in allocations already made. The Economic and Social Council and the General Assembly must therefore have three functions: policy-making, the controlling of expenditure and the co-ordination of activities.

26. Turning to the draft resolution, he shared the concern of the sponsors about the proliferation of United Nations activities and the need for improved co-ordination. However, they had ignored the useful work done by the other co-ordinating bodies and in particular the recommendations of the Ad Hoc Committee to Examine the Finances of the United Nations and the Specialized Agencies, recently endorsed by the General Assembly in resolution 2050 (XXI). His delegation did not favour the establishment of a new ad hoc committee but felt that the responsibility for providing a clear and comprehensive picture of existing activities should be given to the reconstituted Committee for Programme and Co-ordination, if necessary, with an enlarged membership. There seemed to be an artificial division in the draft resolution between sections I and II of operative paragraph 1. The documentation relevant to section I already existed, although many delegations might not perhaps have had a chance to acquaint themselves with it. There was therefore no need for another committee to produce what already existed. The recommendations called for in section II could also be made by the Committee for Programme and Co-ordination.

27. Operative paragraph 5 should be amended so as to request the Secretary-General to improve, not merely to "provide", the basic documentation and the preliminary report requested in operative paragraph 6 should be on section II rather than on section I. The Committee should also examine more closely the mandate of the proposed committee, particularly in the light of the functions of the Committee for Programme and Co-ordination. The sponsors might have included a reference to the forthcoming discussion at the resumed forty-first session of the Council of the composition of that Committee and to the note by the Secretary-General on that subject.^{3/}

28. Mr. DJOUDI (Algeria) said that the Council's current review and reappraisal of its role and functions should form the nucleus of any general review of the economic and social activities of the United Nations system. The need for such a review arose primarily because the economic and social work of the United Nations had expanded, as the draft resolution before the Committee pointed out, on the basis of unrelated proposals, rather than in accordance with a co-ordinated plan. There was some justification for the widespread feeling that the multiplicity of the functions assigned to the Council had prevented it from fulfilling its co-ordination responsibilities as effectively as was desirable; it was regrettable, however, that the general effect of the preamble of the draft resolution should be to place the blame on the

^{3/} Official Records of the Economic and Social Council, Resumed Forty-first Session, Annexes, agenda item 10, document E/4280.

Council itself, particularly since most of the recent improvements in co-ordination, procedures and evaluation had been initiated by it.

29. His delegation shared the sponsor's desire to ensure a more rational use of the resources available for economic and social activities, but did not believe the method proposed in the draft resolution was the best way. Implementation of the recommendations in the report of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies, which had been approved by the Assembly, together with the new approach to be adopted by the Committee for Programme and Co-ordination, would make many of the provisions of the draft resolution redundant. Some of the measures proposed were extremely useful, however, and should be incorporated in the terms of reference of the Committee on Programme and Co-ordination. His delegation would be happy to co-operate with the sponsors in working out a satisfactory text.

AGENDA ITEM 41

Activities in the field of industrial development (continued)*:

(b) Report of the Ad Hoc Committee on the United Nations Organization for Industrial Development (continued)

ADOPTION OF THE DRAFT REPORT OF THE COMMITTEE (A/C.2/L.872)

30. Mr. REISCH (Austria), Rapporteur, introducing his draft report on agenda item 41 (b) (A/C.2/L.872), drew the attention of the Committee to a number of minor drafting changes which would be made before the report was discussed in plenary. In view of the decision recorded in paragraph 10, the name of the new Organization had been changed in the English text of the draft resolution; the names of Botswana and Lesotho had been added to the list in the annex of States in group A and that of Guyana to the list of States in group C. A foot-note would be added to paragraph 3 indicating that two further communications had been received from Governments after the Committee had completed its consideration of the sub-item. At the request of a number of delegations, a foot-note would be added to paragraph 8 (a) stating that the vote of certain delegations which had voted against the amendment concerned or abstained did not reflect their position on the substance of the amendment and that explanations of their votes were recorded in the summary records of the 1045th and 1046th meetings. A foot-note in somewhat similar terms would be added to paragraph 8 (d) and would mention the numbers of the summary records in which the reservations or observations expressed by delegations, both before and after the vote on the draft resolution, were to be found.

31. Mr. WALDRON-RAMSEY (United Republic of Tanzania), speaking on behalf of a number of Asian and African delegations, requested the Rapporteur to include in his report the following paragraph, to be added after paragraph 10:

"11. The Committee took note with appreciation of the offers submitted by the Governments of

*Resumed from the 1046th meeting.

Austria, Greece, India, Kenya, Peru, Trinidad and Tobago, and Turkey to locate the permanent headquarters of the Organization in their respective countries. It agreed to take up discussion of this matter at a later stage and to this effect decided to:

"(a) Request the Secretary-General of the United Nations to submit without delay a report on the details of the facilities required for the effective functioning of the Organization;

"(b) Set 5 December 1966 as the deadline for the submission of possible further offers and additional information in the light of the Secretary-General's report.

"A supplementary report will be submitted, after further discussion of this matter in the Second Committee, before the end of the present session of the General Assembly."

The object of the new paragraph was to provide an opportunity for a decision to be made during the current session on the site of the headquarters for UNIDO; the facilities available in New York and Geneva would, of course, also be taken into consideration.

32. Mr. SAHLOUL (Sudan) supported the inclusion of the new paragraph. The work of the new Organization would be seriously hampered, and the difficulty of recruiting the necessary technical staff greatly increased, if uncertainty about the site of its headquarters continued. Moreover, there was almost complete agreement within the Committee that the choice of site should be based on objective criteria of suitability and accessibility. Unduly protracted consideration of the matter might lead to the claims of individual cities being pressed for reasons of national or regional pride.

33. Mr. ROOSEVELT (United States of America) said that his delegation supported the inclusion of the new paragraph, on the understanding that it did not imply that the final decision had to be made during the current session.

34. Mr. PISANI MASSAMORMILE (Italy) pointed out that the letter from the Permanent Observer of Switzerland (A/6504) expressing his Government's willingness to facilitate the installation and activities of the new Organization was mentioned only in the foot-note to paragraph 3. He suggested that the new paragraph should state that the Committee took note with appreciation of that letter.

It was so agreed.

35. Mr. MURGESCU (Romania), referring to paragraph 8 (d) of the report, drew attention to the fact that some delegations had entered their reservations, not only in the explanations of vote, but also in the statements made during the debate. He requested that mention should be made of all the Committee's summary records in which such reservations were recorded.

36. Mr. ABERKANE (Algeria) said that his delegation had refrained from proposing an amendment to section II of operative paragraph 1, of the draft resolution on UNIDO (A/C.2/L.863 and Corr.1) on the understanding that its reservations on that paragraph would be mentioned in the Committee's report.

His delegation's view that the emphasis on the manufacturing sector should be extended to include the extractive industries and power production had been vigorously expressed in the Economic and Social Council and in the Second Committee, but it was not referred to in the report of either of those bodies.

37. Mr. REISCH (Austria), Rapporteur, replied that many delegations had entered reservations on the provisions of the draft resolution. He had considered it would be invidious to refer to those of individual delegations otherwise than in a foot-note mentioning the summary records in which they were to be found.

38. Mr. ROOSEVELT (United States of America) said that his delegation was one of those which had had serious reservations on certain provisions. He

considered that the Rapporteur had made the right decision on the matter and appealed to the representative of Algeria not to insist on a specific reference to his reservations.

39. Mr. ABERKANE (Algeria) said that, in the circumstances, his delegation would confine itself to explaining its position in detail when the item was discussed in plenary meeting.

40. The CHAIRMAN suggested that the Committee should adopt the draft report on the agenda item, as amended.

The draft report (A/C.2/L.872), as amended, was adopted.

The meeting rose at 1.55 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1068th
MEETING

Monday, 14 November 1966,
at 10.40 a.m.

NEW YORK

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AGENDA ITEMS 52, 51 AND 43

General review of the programmes and activities in the economic, social, technical co-operation and related fields of the United Nations, the specialized agencies, the International Atomic Energy Agency, the United Nations Children's Fund and all other institutions and agencies related to the United Nations system (*continued*) (A/6428, A/C.2/L.877 and Add.1-4)

Review and reappraisal of the role and functions of the Economic and Social Council: report of the Secretary-General (*continued*) (A/6303, chap. XV; A/6432, E/4216)

Decentralization of the economic and social activities of the United Nations (*continued*) (A/6003, chap. X, sect. II; A/6114, A/6429, E/4075)

1. Mr. DE GRAUW (Belgium) said that, in an organization as complex as the United Nations, whose responsibilities were increasing daily, co-ordination must be given constant and sustained attention; it could start at the level of the Secretariat and inter-governmental bodies, but the last word should rest with Governments. No body was in a better position than the Economic and Social Council—especially after the improvements in its composition and methods of procedure—to take upon itself the tremendous task which the co-ordination and general review of the programmes represented; it could carry out that task through its sessional Co-ordination Committee and its Special Committee on Co-ordination, which it had just transformed into the Committee for Programme and Co-ordination. The Council should also pursue that task in close co-operation with the Administrative Committee on Co-ordination (ACC), which should play

an increased role in the event of possible conflicts between the secretariats and to that end should meet more frequently and ensure closer contacts between the senior officials of the various secretariats. The Australian representative (1066th meeting) had made a judicious distinction between permanent co-ordinating functions and the general review envisaged in the draft resolution, but those two tasks were but two aspects of a single problem, as the new name given to the former Special Committee on Co-ordination indicated. The *Ad Hoc* Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies, understanding the importance of that body, had made some recommendations in paragraph 90 of its second report (A/6343), which were designed to make it more representative and more effective.

2. The sponsors of the draft resolution before the Committee (A/C.2/L.877 and Add.1-4) had clearly defined, in the preamble, the matters about which many delegations were concerned. The Belgian delegation wished to point out, however, that the *Ad Hoc* Committee of Experts had stressed in paragraph 86 (c) of its report that the need was not for the creation of new bodies, but for the streamlining of the machinery which already existed. It therefore hoped that through consultations it would be possible to produce a text which would entrust the task envisaged to the Economic and Social Council and which could thus be unanimously adopted. At its resumed forty-first session, the Council would consider the *Ad Hoc* Committee's recommendations, which had now been approved by the General Assembly in its resolution 2150 (XXI), and it would have to decide whether it possessed adequate means for carrying out the general review and appraisal of the programmes which, while essential, could only be envisaged as a long-term operation to be carried out systematically, stage by stage.

3. Mr. IGWE (Nigeria) said that his delegation shared the views expressed in the preamble of the draft resolution and the feeling of the sponsors that a general review of the programmes and activities of the United Nations in the economic and social field was necessary.

4. It wished, however, to express certain reservations concerning the establishment of a new *ad hoc* committee of experts. It wondered whether the general review of the programmes and activities of the United Nations system could be separated from the question of a review of the role and functions of the Economic and Social Council—a subject which the Council had asked the General Assembly to study pursuant to resolution 1091 (XXXIX). Since, in accordance with the United Nations Charter, the Economic and Social Council was the focal point of the economic and social activities of the United Nations, it would seem to be its responsibility to undertake, with the assistance of

the competent bodies, the review envisaged in the draft resolution. Moreover, his delegation considered that in order to avoid any duplication of efforts it would be advisable, before setting up a new body, to give proper consideration to the significant proposals which had been made and the changes which had taken place during the past eighteen months. The composition of the Council had been enlarged, promising resolutions on the co-ordination of programmes and activities had been adopted at the forty-first session, and the working procedures of the Committee for Programme and Co-ordination had been streamlined so that each year it would be responsible for a general examination of the United Nations work programme in the economic and social fields. All those developments should enable the Council to continue its evaluation of the results of the programmes of the various organizations while improving its methods.

5. In its second report, the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies had made useful recommendations concerning programme planning, evaluation and co-ordination. It had pointed out that the need was not for the creation of new bodies, but for the streamlining of the existing machinery, and had recommended that the Special Committee on Co-ordination should be reconstituted to consist of experts eligible for re-election (A/6343, para. 90 (h)). The Nigerian delegation hoped that the Secretary-General would impress upon the Governments concerned the need to nominate experts of high competence and experience. Furthermore, the Council, which had already, in its resolution 1171 (XLI), contemplated the possibility of lengthening the period of service of the members of the Special Committee on Co-ordination, should also, when reorganizing that Committee, ensure that it worked in close co-operation with the Advisory Committee on Administrative and Budgetary Questions and the ACC, so as to avoid overlapping and duplication. In conformity with the recommendations of the Ad Hoc Committee of Experts on the question of the planning and evaluation of programmes, the Economic and Social Council should, moreover, endeavour to inform Member States of proposed activities far enough in advance for them to be taken into account in drawing up their national programmes.

6. Lastly, in view of the present financial difficulties of the United Nations, the Nigerian delegation considered that it would be preferable to entrust the review proposed in the draft resolution to existing bodies, once their working procedures had been streamlined to achieve maximum effectiveness.

7. Mr. GAILANI (Iraq), referring to the general review of programmes and activities, pointed out that the proliferation which had occurred during the last few years in the field of activities of the United Nations and the major specialized agencies with similar objectives had led to improvised administrative measures which had unduly complicated the structure at Headquarters. Programme control was dispersed among a series of more or less autonomous legislative bodies connected somewhat tenuously by various co-ordinating devices, and field offices had developed somewhat unevenly as a consequence of agency particularism and the special conditions in each country. To remedy those shortcomings, the

Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies had recommended, in its report, the application by the United Nations family of organizations of an integrated system of long-term planning on a programmed basis (*ibid.*, para. 68); it had also recommended that each organization should develop an effective long-term plan in keeping with the broad goals included in its statute. His delegation considered that at the country level, targets should be established by the field offices and should cover a longer period than two years, and that their implementation should be co-ordinated with the over-all plans at that level. Finally, after a programme had been carried out, its impact on the recipient country should be evaluated, since the diversity of aims and the size and duration of projects made it difficult to devise common criteria for that purpose.

8. His delegation considered the draft resolution acceptable because its basic objectives deserved unequivocal support. It felt, however, that the provisions on the composition and terms of reference of the proposed ad hoc committee of experts should be revised in order to meet the apprehensions expressed by certain delegations. He himself had reservations about the role of the Economic and Social Council, ACC and the Committee for Programme and Co-ordination in reviewing and evaluating the structure, functions, procedures, financing and performance of the specialized agencies and the United Nations programmes in the economic and social fields. He hoped that the sponsors would take the comments that had been made into consideration and submit a practical text consistent with the spirit and letter of the United Nations Charter.

9. The review of programmes and activities led him to the review of the role and functions of the Economic and Social Council. Over the past two years, the Council had increased its membership, reconstituted its Special Committee on Co-ordination as the Committee for Programme and Co-ordination, established the Committee for Development Planning and decided to reorganize its own programme of work in order to secure a balance between its two annual sessions. That meant that the Council had become more aware of social and economic realities and of the need to devote more attention to the co-ordination and evaluation of its own work and the work of the agencies attached to it. His delegation therefore supported the proposal made by the representative of Canada (1065th meeting) that the Committee should include in its report to the General Assembly a paragraph expressing its satisfaction at the progress made by the Council in improving its functioning and methods of work.

10. With regard to the decentralization of activities, his delegation had studied attentively the report of the Secretary-General (E/4075), which contained valuable information on the activities of the regional economic commissions and the United Nations Economic and Social Office in Beirut. It considered that the regional offices should have enough authority to adapt policy decisions taken at Headquarters to regional and local conditions and to deal with Governments on a more flexible basis than might be possible for Headquarters. It also considered that the supervision, inspection and

evaluation of projects should be the responsibility of the staff of the local offices, who could perform those tasks more effectively than Headquarters staff. The desirability of decentralization, however, depended on the body and the functions concerned and it was necessary to keep relations between Headquarters and the local offices under constant review and to try to establish which activities should remain centralized and which should be shared, to varying extents, between Headquarters and the local offices.

11. Mr. VILFAN (Yugoslavia) congratulated the sponsors of the draft resolution on preparing a clear text, which should provide the basis for an exhaustive review that would help to improve United Nations activities in the economic, social and human rights fields. The sponsors had been particularly successful in defining the questions to be answered and the aims to be achieved on the basis of the answers, because they had been prompted by a desire not only to improve the machinery of the United Nations family but to enable Member States to derive more substantial benefits from it which would meet their needs more fully. His delegation hoped, therefore, that the final text of the draft resolution would retain those two essential elements and would be adopted unanimously.

12. On the other hand, it had some doubts about the procedure proposed for the preparation of the review and about the manner in which its results should be applied to future activities of the United Nations. Those doubts concerned not so much a possible conflict of competence between the General Assembly and the Economic and Social Council, or a danger of duplication, as the relationship which should exist between the review and the recommendations derived from it, on the one hand, and the policy of the United Nations, on the other. If the review simply gave a picture of the present situation, it could not serve as a basis for practical, concrete recommendations. On the other hand, it could be very useful if it was conceived within the framework of precise political objectives which could provide a yardstick not only for assessing the feasibility of specific programmes but also for establishing an order of priority.

13. The United Nations Development Decade showed how the definition of goals could become an organizing and co-ordinating factor. In his interim report on the Decade (E/4196 and Add.1-3), the Secretary-General showed how it had influenced even the most traditional activities of the United Nations. Much of the work requested in the draft resolution was already under way within the framework of efforts being made to ensure the success of the Decade. The activities envisaged in the draft resolution should therefore be carried out in conjunction with the work requested in General Assembly resolution 2084 (XX) and should be executed jointly by the Economic and Social Council and the Secretariat. The progress recently made by the Council in the field of co-ordination—which should be recognized by the Committee in a paragraph of its report, as the representative of Canada had proposed—was a further reason for proceeding in that way. Lastly, his delegation considered that the review proposed in the draft resolution could not be carried out rapidly and that it would not be possible to put the recommendations based on it into effect immediately. The experience of the United Nations Development

Decade showed that in such a venture it was necessary to proceed by stages and with caution, particularly, since, in the present case, the activities in question would necessarily become a permanent feature of the work of the Economic and Social Council and, to a great extent, of the General Assembly too.

14. Mr. MURGESCU (Romania) noted with satisfaction that the debates of the previous week had revealed fairly wide agreement on at least two aspects of the question under consideration. First, it had been recognized that progress of various kinds had been made recently in the field of co-ordination. In the case of the Economic and Social Council, which under the United Nations Charter bore the primary responsibility in that field, the danger that it would become merely a liaison unit between the specialized agencies and the General Assembly had considerably lessened. The Council, whose membership had been expanded, had begun to introduce improvements in its activities so that it could effectively discharge its proper role. Admittedly, that was only a beginning and the Council was faced with complex problems arising out of the special status conferred on certain bodies such as the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Industrial Development Organization (UNIDO). Secondly, the great majority of representatives had agreed that the Committee should give new impetus to co-ordination activities and should constantly seek to improve them.

15. Those were precisely the legitimate aims of the draft resolution now before the Committee. His delegation would like to make a number of suggestions on the subject. First, with regard to the establishment of an ad hoc committee of experts, it wondered whether it was necessary to set up a new body of that kind. The Economic and Social Council had decided to transform the Special Committee on Co-ordination into a Committee for Programme and Co-ordination. At its resumed forty-first session, the Council would consider, at the proposal of the Secretary-General, the composition of that Committee, which would be made up of experts with wide experience of the activities of the United Nations family in the economic, financial and social fields. The Committee would be responsible first and foremost for co-ordinating programmes and eliminating duplication. It would co-operate closely in its work with the Advisory Committee on Administrative and Budgetary Questions and with ACC and would periodically hold joint meetings with the latter. It must therefore be asked whether there was really any point in creating two committees at the same time for similar purposes. In the second place, an ad hoc committee with a temporary mandate, which would merely embark on the review of the problems and would cease its activity when it had begun to familiarize itself with them, was unlikely to be more effective than a committee having permanent activities and responsibilities and a clearly defined relationship with all the bodies whose co-operation was essential in attaining the objective pursued. In the third place, it was to be wondered whether the establishment of such a committee outside the Economic and Social Council, and, to some extent, parallel to and above it, was likely to assist or to hamper the

Council in its efforts to discharge the functions assigned to it by the Charter. Nothing prevented the Second Committee from entrusting the Committee for Programme and Co-ordination with the task of carrying out the review and submitting the proposed recommendations. It could, moreover, ask that Committee to discuss the recommendations at a joint meeting with ACC. In that way it would be able to learn not only the views of ACC but also those of the specialized agencies and of the Secretariat, with the result that it would be better able to take decisions with a full knowledge of the facts. If the sponsors of the draft resolution believed that the Committee for Programme and Co-ordination was too busy with its everyday tasks or too small to carry out the review in question, there was nothing to prevent that Committee from being enlarged so as to be able to carry out the review and make the recommendations called for.

16. Those suggestions were prompted by his Government's position of principle with regard to the problem of the proliferation of United Nations bodies. His delegation believed that before a new body was established, all the possibilities offered by those already in existence should be explored. The most effective and least costly solution was to adapt the existing machinery to present realities and needs. Moreover, the magnitude of the proposed review was disproportionate to the time allowed for carrying it out. The sponsors might perhaps succeed in eliminating that inconsistency if they took into account the actual possibilities with regard to documentation, analysis and drafting. Particular attention should be given in that connexion to the provisions of the United Nations Charter concerning relations between the United Nations and the specialized agencies.

17. In view of the close connexion between the draft resolution and the Secretary-General's note on the composition of the Committee for Programme and Co-ordination,^{1/} which would be discussed by the Economic and Social Council at its resumed session, the Second Committee would be well advised not to take any decision in the matter until it was informed of the Council's decisions.

18. Mr. Shen-Fu CHANG (China) expressed his gratification at the measures adopted by the Economic and Social Council—and set out in its resolution 1156 (XLI)—to rearrange its programme of work and change the spacing of meetings of its subsidiary organs.

19. With regard to the general review of programmes and activities, his delegation wished to commend the sponsors of the draft resolution for their good intentions and their spirit of co-operation. A general review was the common concern of all Member States and had already been undertaken by various United Nations bodies, although, unfortunately, not in any systematic or co-ordinated way. Nevertheless, even though no satisfactory result had been achieved so far, the adoption by the General Assembly in its resolution 2150 (XXI) of the recommendations of the *Ad Hoc* Committee of Experts to Examine the Finances of the United Nations and Specialized Agencies would give a new impetus to that vital task. The *Ad Hoc*

Committee of Experts, emphasizing that the question was not one of creating new bodies but of rationalizing the machinery which already existed, had recommended that the Economic and Social Council should reconstitute its Special Committee on Co-ordination so that it could undertake the desired review. His delegation therefore believed that, rather than create a new committee of experts, the Committee for Programme and Co-ordination should be improved by laying stress on the experience and competence of the experts who would be members of it and by limiting their number so as to ensure the Committee's efficiency.

20. His country had always believed that the decentralization of the economic and social activities of the United Nations would contribute effectively to the development of the countries in the respective regions. It was therefore pleased to see an increase in the number of regional advisers, though it believed that their services in the programming of country projects could be more satisfactory if they were able to stay in each country longer than two or three weeks. The expansion of regional activities was also manifested by the establishment of development institutes and of regional development banks. The increased number of regional projects could also help to stimulate regional co-operation. The process of decentralization was well under way but was still inadequate, and his delegation believed that Headquarters, while reserving the right to take decisions of principle, should delegate wider powers to the secretariats of the regional commissions. The fundamental objective of decentralization was to ensure the most judicious use of available resources, but it was difficult to judge from the figures given in the Secretariat report (E/4075) whether such was the case. Only a more thorough study of the relevant facts, carried out presumably by experts, could answer that question.

21. Mr. PARDO (Malta) said that the suggestions and criticisms made by many delegations had given the sponsors a better understanding of the complexity of the question under review. They regretted that some provisions of the draft resolution had given an impression of distrust of the Economic and Social Council and had seemed to imply that nothing worth while had been achieved so far in the matter of co-ordination. The sponsors were prepared to reassure delegations which were anxious to defend the prerogatives of the Council by emphasizing, in a new preambular paragraph, the Council's role and by modifying the fifth preambular paragraph in such a way as to give due prominence to the constructive measures recently taken by the Council in the field of co-ordination. They were also prepared to follow the United States representative's suggestion, made at the last meeting, to combine the inventory proposed in the draft resolution with the editing of a handbook on the procedures to be followed by developing countries in requesting assistance. The representatives of Yugoslavia and the Soviet Union had emphasized at the previous meeting that considerable work had already been done in the field of co-ordination and that the review proposed in section II of operative paragraph 1 could begin immediately on the basis of existing documents. While the value of those documents, and especially of the

^{1/} Official Records of the Economic and Social Council, Resumed Forty-first Session, Annexes, agenda item 10, document E/4280.

report of the Secretary-General on the work programme of the United Nations^{2/} should not be underestimated, it was an undeniable fact that the information they contained was far from complete. Even in the field of statistics, where the co-ordination efforts had been most intensive and had included inter-agency meetings, there was still no unified international programme. It was doubtful whether the existing documents would make it possible to draft effective recommendations concerning the United Nations family of organizations in its entirety.

22. With regard to the suggestion that the task proposed for the ad hoc committee should be entrusted to the ACC, he noted that ACC's terms of reference were quite restricted. It was composed of the heads of the secretariats of the United Nations agencies and, if the report of the Ad Hoc Committee of Experts was correct, had not found the time needed to discharge the functions specifically entrusted to it. The Administrative Committee on Co-ordination, which had not succeeded in establishing satisfactory arrangements for co-operation with the Special Committee on Co-ordination, would be even less able to undertake, to the detriment of its normal functions, the review proposed in the draft resolution.

23. The proposals that the review should be entrusted to the Economic and Social Council or to the Committee for Programme and Co-ordination were more interesting but were not any more practical. As the agenda of the resumed forty-first session of the Economic and Social Council, which would last three weeks, was very heavy, it was to be wondered how much time the Council could devote in those circumstances to the proposed review. The Committee for Programme and Co-ordination was supposed to sit for a maximum of fourteen days in 1967. Its programme of work was limited to the examination of the operational and research activities of the United Nations in the economic and social fields, which represented less than 40 per cent of all the activities of United Nations bodies. Even if it appeared possible, in theory, to entrust it with the proposed review, it was doubtful whether, as a practical matter, it could complete the review before a number of years had elapsed. Moreover, the proposed ad hoc committee would be able to avail itself of the whole-hearted support and the authority of the General Assembly, a fact whose significance was obvious to everyone. The sponsors of the draft resolution realized that the review they were entrusting to the ad hoc committee was not unconnected with the work of the Economic and Social Council and its Committee for Programme and Co-ordination. They had further agreed that the active core of the ad hoc committee should consist of members of the Committee for Programme and Co-ordination and that it should work in close co-operation with the Economic and Social Council.

24. There might still be some question as to the urgency, and even the need, for the proposed study. The Algerian representative had recently recalled at the Special Committee on Co-ordination the crisis in international aid. That crisis was mainly due to the arms race and the increased expenses of the donor

countries, two factors which United Nations organs could not control. United Nations organs could and should, however, try to make better use of resources which amounted in the aggregate to nearly \$600 million a year and were increasing more rapidly than the national income of many Member States. The contributions of Member States were often greater than the assistance they received, when the cost of maintaining permanent delegations, organizing conferences and international symposia, and so on, was taken into account. Moreover, the holding of conferences deprived the beneficiary countries of the services of their best experts for long periods. To that should be added the general expenses of operational programmes, which amounted to 50 per cent of the cost of projects under the ordinary programme and 25 per cent of the cost of the United Nations Development Programme. If that situation were to be improved quickly, it was essential to have a general picture of United Nations activities.

25. Mr. VILFAN (Yugoslavia), exercising his right of reply, explained that it was precisely because the Yugoslav delegation realized the importance of the proposed general study that it wanted the study to result, not in a theoretical essay, but in practical recommendations. To that end it was essential for the study to be closely linked to a specific political objective, the United Nations Development Decade. He hoped that the sponsors of the draft resolution would bear his suggestion in mind.

26. Mr. Donald MACDONALD (Canada), exercising his right of reply, said that everyone realized the importance of co-ordination and of the proposed study. But there was disagreement as to the means of carrying it out. All delegations had emphasized that the United Nations Charter gave the primary role in co-ordination to the Economic and Social Council. The Canadian delegation felt that the general study should be entrusted to the Council. If the Council did not exercise its powers, they would atrophy, but the draft resolution took away an important part of the Council's co-ordinating role.

27. It had been said that the task was too big for the Council to be able to accomplish it alone. In fact, he had asked that the general study should be carried out under the Council's auspices. The Council would have had first to consider the proposed documentation and then, at its session in July 1967, make recommendations to the General Assembly at its twenty-second session as to the best way of carrying out the proposed general study; that could be either by setting up an expert committee to work out the recommendations mentioned in section II of operative paragraph 1 of the draft resolution, or by entrusting the task to the Council's own Committee for Programme and Co-ordination, or by associating several delegations with the Committee for Programme and Co-ordination. The Canadian delegation was not at the moment inclined to take a final decision as to how such an important task should be carried out. As the Council had already improved the co-ordination of its own activities to some extent, it was for the Council, and not the Second Committee, to take the decision.

28. At the request of Mr. CHAMMAS (Lebanon) the CHAIRMAN said that he would hold over to the next

^{2/} Ibid., Forty-first Session, Annexes, agenda item 31, documents E/4179/Rev.1 and Rev.1/Add.1-18.

meeting the requests of various representatives to be heard on points of order.

29. Mr. RAMAROMISA (Madagascar) thought that the time had come to draw up a summary table of all the economic and social activities and achievements of United Nations organs so that Member States could be readily informed of them and share in them. Until quite recently there had been no such co-ordination of the activities of United Nations organs as would have made it possible to meet the growing needs of the developing countries in a consistent manner. On the one hand, there had been a need to accelerate the process of decentralization approved by the General Assembly by giving the regional economic commissions more autonomy so that they could solve problems on their level, in co-operation with the Centre for Industrial Development, the regional planning institutes and the regional development banks. On the other hand, devolution had been required so as to give the regional economic commissions some power of decision. There had to be, however, enough flexibility to avert any sudden change in the balance between Headquarters and the regional organizations. Now was the time to restore the balance and to allow Headquarters to fulfil its duty of guidance and policy co-ordination. The problems of the regional economic commissions were the same as those of the specialized agencies and could be solved by periodical consultation. Furthermore, there should be co-ordination within the various organs in order to avoid overlapping. That was why the General Assembly had established the Special Committee on Co-ordination and the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies. The recommendations of those two bodies would make the proposed ad hoc committee's task of co-ordination, planning and evaluation easier. Now that it had defined the duties and co-ordinated the activities of the organizations, the United Nations should go on to the rightly called operational stage. It could do so only to the extent that the substructure of the organizations was clearly defined.

30. Mr. CHAMMAS (Lebanon) believed that the lack of a general plan for United Nations economic and social activities was historically due to the urgent needs of the developing countries on the morrow of their independence. Representatives of the developing countries had spent much time in preparing and establishing UNCTAD and combining the Expanded Programme of Technical Assistance and the Special Fund and they were actively concerned with the establishment of a capital development fund. It was to be hoped that the sponsors of the draft resolution were also aware that what had been done was what had to be done and that shortcomings in execution and co-ordination were the price of action. At one stage in the development of United Nations organizations, the developing countries had turned aside from the Economic and Social Council because they were not adequately

represented there and hence could not hope for substantial aid from it. Furthermore, it had taken several years of discussion to change the Council's membership. When UNCTAD had been established, the developing countries had even wondered whether its annual report should be transmitted to the General Assembly through the Council or directly. Later, when the Council had been enlarged, they had recognized its primary role in co-ordination. Recent improvements in the Council's working methods were indeed due to the fact that the sponsors of the draft resolution had urged inclusion of the question of a general review in the Assembly's agenda as early as the twentieth session.

31. When considering ways of carrying out the general review, the Committee should bear in mind the recommendations of the Ad Hoc Committee of Experts, even though their recommendations had been made to the Fifth Committee. There was no need to set up new bodies to ensure better and more detailed co-ordination, but there was need for rationalization and renovation of the existing machinery (A/6343, para. 86 (c)). Probably, also under the influence of action by the sponsors of the draft resolution at the twentieth session, the Ad Hoc Committee of Experts had shown how important it considered co-ordination problems to be by devoting a whole section of its report to the subject (*ibid.*, chap. VIII). The Economic and Social Council had not had time to consider the report of the Ad Hoc Committee of Experts, but it also was aware of the need to improve co-ordination and make it more effective and said so in its report to the General Assembly (A/6303, para. 673). Moreover, the Secretary-General's report on the work programme of the United Nations gave for the first time a complete and detailed summary of the Council's activities. If then, in the Council's opinion, there was still not enough documentation for a general review, the same was true for the Second Committee. The Committee was therefore not in a position to make recommendations to the General Assembly about new steps to be taken, especially in so far as the establishment of a new ad hoc committee was concerned. Furthermore, in resolution 1173 (XLI), the Council had already decided to include the question of a review of United Nations organs and programmes in the provisional agenda of one of its sessions in 1967.

32. The problem of co-ordination was urgent, but there were several ways of persuading the Council of that fact, so that it could intensify and improve its activities. The best way was certainly not to set up a new expert committee. Without making a formal proposal, he thought that the Council itself should be entrusted with the task. While he welcomed the Maltese representative's last amendment, he could not vote for the establishment of an ad hoc committee of experts and asked the sponsors not to press their draft resolution.

The meeting rose at 1.10 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1069th
MEETING

Monday, 14 November 1966,
at 3.10 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEMS 52, 51 AND 43

General review of the programmes and activities in the economic, social, technical co-operation and related fields of the United Nations, the specialized agencies, the International Atomic Energy Agency, the United Nations Children's Fund and all other institutions and agencies related to the United Nations system (*continued*) (A/6428; A/C.2/L.877 and Add.1-4)

Review and reappraisal of the role and functions of the Economic and Social Council: report of the Secretary-General (*continued*) (A/6303, chap. XV; A/6432, E/4216)

Decentralization of the economic and social activities of the United Nations (*continued*) (A/6003, chap. X, sect. II; A/6114, A/6429, E/4075)

1. Mr. PEREZ GUERRERO (Venezuela) said his delegation shared the aims of the sponsors of draft resolution A/C.2/L.877 and Add.1-4. It agreed that the operational programmes of the United Nations should be better organized and better co-ordinated and that the resolutions which had been adopted on co-ordination should be fully implemented. It also agreed that the growth of the United Nations had not always been in the right direction and that a certain amount of duplication had occurred. It was therefore normal for the General Assembly to do everything possible to eliminate overlapping and to direct the activities of its subsidiary organs along rational lines. It was not the first time that it had tried to do so and indeed co-ordination was a problem which had to be kept constantly in mind.

2. Nevertheless, co-ordination should be left to the existing bodies and particularly to the newly constituted Committee for Programme and Co-ordination. The composition of that body had not been finally settled and could therefore be determined in the light of the functions which the sponsors wanted to vest in an *ad hoc* committee of experts. There must, of course, be close co-operation between the Secretariat, the General Assembly and the Economic and Social Council and it was gratifying that such co-operation had been furthered by the joint meetings of the Special Committee on Co-ordination and the Administrative Committee on Co-ordination (ACC). It would be much more appropriate if the Secretariat provided the information which the sponsors were seeking to obtain in operative paragraph 1.

3. The Council was already taking active steps to rebuild its co-ordinating machinery so as to play more effectively its central role of co-ordinator under the United Nations Charter. It was natural that the General Assembly should support the Council in those efforts. The General Assembly must respect the division of labour between itself and the Council and use the latter as the organ specifically responsible for co-ordination in economic and social matters.

4. Sir Edward WARNER (United Kingdom) agreed with the statement made by the representative of Iran, but at the same time sympathized with the feeling of the sponsors of the draft resolution that the over-complicated structure and practices of the United Nations and its agencies, with their overlapping constitutions, should be reviewed and drastically streamlined so as to reduce overheads and eliminate marginal projects, thus maximizing and concentrating the funds available for development. Yet his delegation was not convinced that another *ad hoc* committee of the General Assembly was necessary. The work the sponsors had in mind could be done by the reconstituted Committee for Programme and Coordination with the necessary time at its disposal and temporarily augmented for the purpose. He hoped that a solution would emerge after the resumed session of the Council had established the Committee for Programme and Co-ordination.

5. Turning to agenda item 51, he agreed that the enlargement of the Economic and Social Council had given it a new lease of life. As it was now widely representative, there was no longer a case for not using it for its proper purpose. He warmly endorsed the suggestion made by the representative of Ghana (1067th meeting) that the Committee should prune its own agenda and delegate more items to the Council. There was no point in duplicating discussion in the two bodies.

6. The Secretary-General's report on decentralization (E/4075) suggested that a satisfactory measure of

decentralization had been achieved. All that remained was for the Secretary-General to ensure adequate co-ordination between Headquarters and the regions. That could be left to his wise judgement without any special injunctions. Thus, item 43 could be dropped from the agenda and the Committee could merely take note of the Secretary-General's report.

7. Mr. LOPEZ (Philippines) said most delegations agreed that after twenty years the United Nations was entitled to review its economic and social activities and to find out how well or how badly its family of organizations had followed the path of reasonableness and efficiency. Like the world's population, the United Nations had grown without the benefit of "family planning" and most delegations would admit that proliferation, duplication and overlapping had occurred. The time had come for a closer look at the problem. However, there was a divergence of opinion as to whether the general review should be made by the Council or left to the General Assembly. In the United Nations Charter the division of responsibility was clear. While the General Assembly retained supreme authority, the Council had been given the specific task of co-ordinating the economic and social activities of the United Nations family.

8. The Philippine delegation had borne that division of authority in mind when, at the forty-first session of the Council, it had proposed that a thorough and objective review and evaluation should be undertaken of the structure, functions, procedures, financing and performances of the United Nations family in the economic and social fields. The Philippine delegation had also based its proposal on the draft resolution which had been introduced by the representative of Malta at the twentieth session of the General Assembly.^{1/} In the Council there had been some opposition to the proposal, particularly from the specialized agencies whose representatives had pointed out that reconsideration of the functions and structures of the agencies lay wholly within the responsibilities of their own governing and legislative bodies. Nevertheless, in its resolution 1173 (XLI), the Council had decided to place the question on its agenda for 1967.

9. In considering the draft resolution, his delegation felt that the Economic and Social Council should be given a chance to finish the work it had begun, particularly as its membership had been increased. If the Council failed to do so in a period of, say, two years, then the General Assembly itself could act. But the Assembly should not use its supreme authority until it was certain that co-ordination could not be effected in any other way. He suggested therefore that the sponsors should leave the general review to the Council because otherwise they would themselves be causing the duplication they sought to avoid.

10. Mr. FERNANDINI (Peru) said it was natural that delegations should be seeking a clear and comprehensive picture of the economic and social activities of the United Nations family because over the last twenty years those activities had proliferated in such a way that it was almost impossible for delegations, both large and small, to fulfil their functions properly. It was absolutely necessary to secure an inventory of

the tools of economic and social development in order to determine the best way of using them. Obviously, too, changes in existing activities, procedures and administrative arrangements should be recommended. However, that was a function of the Economic and Social Council and it should not be delegated to an *ad hoc* committee of experts.

11. A suitable compromise might be worked out, as several representatives had suggested, by having the work done by the reconstituted Committee for Programme and Co-ordination, if necessary giving it additional powers and representation. It could begin by tackling the task indicated in operative paragraph 1 of the draft resolution and then return to its own review of the United Nations work programme in the economic, social and human rights fields. If a new *ad hoc* committee were to be established, the sponsors would be adding to, instead of reducing, the proliferation. He hoped therefore that they could meet the objections to the draft resolution and, by a compromise along the lines he had suggested, draft a text that could be adopted unanimously.

Mr. Boiko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

12. Mr. ABE (Japan) said that his delegation, while fully sympathizing with the aims of the draft resolution, shared the belief that the proposed review could best be carried out with the existing machinery rather than by establishing a new committee. United Nations economic and social activities were already under review, by both the Council and the General Assembly. The Council had already taken a number of steps to improve co-ordination, and had decided to reconstitute the Special Committee on Co-ordination in accordance with the recommendations of the report of the *Ad Hoc* Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies (A/6343, para. 90 (g)). The new Committee for Programme and Co-ordination could conveniently undertake the studies proposed in the draft resolution.

13. The items referred to in section I of operative paragraph 1 could be left to the Secretariat except for the assessment of the extent to which each type of activity had achieved its objectives, and the account of criteria used by the United Nations family in according assistance. In that connexion, he recalled that the Council was already evaluating United Nations technical co-operation programmes and had endorsed, in its resolution 1151 (XLI), the establishment of an interagency study group by ACC to propose practical steps for rendering more effective the operation of technical co-operation programmes. There was a need for more rational and coherent criteria in according assistance to developing countries, but that was a matter for the Governing Council of the United Nations Development Programme. With respect to section II of operative paragraph 1, the basic approach of the co-sponsors to look at the problems exclusively from the point of view of economic development might bring about an unexpected confusion.

14. Because of the diversity of interests among Member States, it was extremely difficult to establish priorities in United Nations economic and social programmes. While everything should be done to help developing countries, it would be difficult to assess

^{1/} See Official Records of the General Assembly, Twentieth Session, Annexes, agenda item 100, document A/6201, para. 3.

the relative importance of, say, industrial development as against the control of narcotic drugs. The Japanese delegation therefore believed that the work proposed in section II of operative paragraph 1 required very careful reflection.

Mr. Tell (Jordan) resumed the Chair.

15. Mr. LAI (Malaysia) said that, in view of the limited financial resources available, it was only natural that both donor and recipient countries should want to ensure that the maximum benefit was derived from assistance programmes. That was the purpose of operative paragraph 1 of the draft resolution, of which his delegation was a sponsor.

16. Some delegations had referred to the recommendations of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies, but it had been set up primarily to deal with peace-keeping operations rather than economic development. It was true that, in the course of its work, that Committee had made certain recommendations regarding co-ordination, but such co-ordination would be incomplete without the study and recommendations proposed in the draft resolution. It had also been argued that the draft resolution would lead to duplication with the work of the new Committee for Programme and Co-ordination. Although the Malaysian delegation would prefer the establishment of new and high-powered machinery, it was prepared to give serious consideration to the proposal that the study should be carried out by the Committee for Programme and Co-ordination, if its membership were increased and its terms of reference strengthened.

17. Mr. POLIT (Ecuador) said that the activities of the United Nations had grown so complex that it was almost impossible for any delegation to grasp them. As a co-sponsor of the draft resolution and in support of what the representative of Malta had said at the previous meeting, he would therefore stress the need, brought out in operative paragraph 1, for a clear and comprehensive picture of existing operational and research activities in the economic and social fields. None of the speakers had so far been able to show that the draft resolution was not relevant or timely. At the 1066th meeting, the representative of Australia had pointed out the defects which the developing countries noted in the operations of the United Nations and the specialized agencies. Such criticisms were not directed against the United Nations itself, the Secretariat or any of the specialized agencies but were designed to improve the existing organization through democratic discussion.

18. It was true that many efforts had been made to answer such criticisms but, as the representative of Malta had said, the various bodies concerned did not really have the time for proper co-ordination and the Second Committee had not issued a clear mandate that would encourage the Members of the United Nations to improve their co-ordination. It was also true that delegations themselves should improve their co-ordination at the national level. However, since everyone appeared to agree about the general aims of the draft resolution, he was certain that, with the necessary modifications, it would receive general approval.

19. Mr. VIAUD (France) said that there seemed to be agreement that improved co-ordination was necessary, but that the proposals contained in the draft resolution might involve a vast and time-consuming operation. The French delegation, too, was against the establishment of a new committee which might indeed lead to duplication and an unfortunate clash of competence between the General Assembly and the Economic and Social Council. It recognized the supremacy of the Assembly and its interest in co-ordination in economic and social matters.

20. To enable the General Assembly and the Economic and Social Council to work together to that end, the Committee could either ask the Assembly to note the desire for a clear and comprehensive picture of existing operational and research activities and to instruct the Council to take an inventory, or ask the Assembly to inform the Council in more specific terms how a review should be carried out—for example, through the reconstituted and strengthened Committee for Programme and Co-ordination. The French delegation had no particular preference as to which alternative was adopted, but any other action by the Committee would involve a serious risk of duplication.

21. Mr. WILMOT (Ghana), speaking in exercise of the right of reply, recalled that the representative of Malta had stated that some delegations, including that of Ghana, felt that the draft resolution gave the impression that the Economic and Social Council had so far been unable to carry out its co-ordinating function properly. In fact, in its statement of 11 November (1067th meeting), the Ghanaian delegation had welcomed the measures adopted by the enlarged Council to streamline its working procedures, but had pointed out that further improvements were necessary. It had also expressed the view that the study proposed in the draft resolution should be undertaken by the Committee for Programme and Co-ordination, particularly if its membership was increased to twenty, and that the Committee should deal exclusively with that question for the whole of 1967.

22. Mr. OLUMIDE (Nigeria), speaking in exercise of the right of reply, said that his delegation did not believe, as the representative of Malta had asserted, that all would be well if the decisions adopted by the Economic and Social Council at its forty-first session were implemented. The Nigerian representative had merely stated (1068th meeting) that those decisions should be allowed to take root and be assessed before the need for a new co-ordinating body was discussed.

23. He reaffirmed the whole-hearted support of the Nigerian delegation for the aims of the draft resolution.

24. Mr. GALLARDO MORENO (Mexico), speaking in exercise of the right of reply, said that the comments of the Maltese representative might appear to imply that his delegation did not support the objectives of the draft resolution. Any such impression was erroneous: the Mexican delegation fully supported the aim of improved co-ordination and had referred in its statement (1067th meeting) to the steps taken by the Council and to the possibility of requesting the Secretary-General, in consultation with the heads of specialized agencies, to prepare an inventory of existing operational and research activities.

25. Mr. LOBANOV (Union of Soviet Socialist Republics), replying to the comments of the representative of Malta, said that his delegation's reservations had related to the procedures suggested in the draft resolution rather than to its aims. He reaffirmed his delegation's view that the proposed study would lead to still more documentation and to duplication with the work of the Special Committee on Co-ordination, which would be continued by the new Committee for Programme and Co-ordination.

26. The objections which had been raised regarding the lack of time and inadequate representation of the Committee for Programme and Co-ordination could easily be met by increasing the number of its meetings and strengthening its membership. In that connexion, it was important that the membership of the enlarged Committee should be homogeneous and not divided into two or more parts designated by different bodies.

27. Mr. Donald MACDONALD (Canada) said that his informal discussions with other delegations had led him to believe that suggestions he was about to make would command wide support.

28. His delegation suggested that the Committee should deal with the item on the decentralization of the economic and social activities of the United Nations by taking note of the Secretary-General's report on the subject (E/4075), and that the very full discussion on the item concerning the review and reappraisal of the role of the Council should be concluded by having the following passage included in the Committee's report on agenda item 51:

"The Second Committee recommends to the General Assembly the adoption of the following decision:

"The General Assembly welcomed the progress recorded by the Economic and Social Council in its review and reappraisal of its role and functions, and the improvements in its working methods and procedures, and indicated that it would follow with interest the implementation of the various decisions taken by the Council to improve its functioning and working methods, as well as the implementation of relevant recommendations of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies."

It was so decided.

29. Mr. AITKEN (Jamaica) said that, as one of the sponsors of the draft resolution, his delegation was most appreciative of the useful and constructive comments made. A revised text to be submitted to the Committee shortly would show that the suggestions made had been considered and acted upon wherever possible.

30. The amendments to be made would make it clear that the sponsors fully recognized the primary responsibility of the Economic and Social Council for co-ordination and that the purpose of proposing that a committee should be appointed to handle what was admittedly a serious problem was, in fact, to leave the Council free to concentrate on its heavy co-ordination responsibilities. The statements made in the Committee had demonstrated a gratifying degree of support for the essential aim of the draft resolution,

which was to simplify the methods of giving and receiving economic assistance. It was the sponsors' hope that the measures they proposed would culminate in the publication of a series of handbooks which would set out in adequate detail the ideas and information which the draft resolution sought to elicit; if the handbooks were forthcoming within a reasonable time, they would be of inestimable value to the developing countries.

31. Mrs. SOLOMON (Trinidad and Tobago) introducing, on behalf of the sponsors, the revised draft resolution (A/C.2/L.877/Rev.1), said that the modifications to the draft resolution had been made in response to many helpful suggestions. Three points had been stressed: that the proposals contained in the draft resolution might amount to a further instance of the duplication they sought to eliminate; that the central co-ordinating role of the Economic and Social Council should not be overlooked; and that the provisions relating to the work to be done in the first phase of the general review should be more specific.

32. The adoption of General Assembly resolution 2150 (XXI), which approved the recommendations of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies on, *inter alia*, the strengthening of the Committee for Programme and Co-ordination (A/6343, para. 90 (g) and (h)), had encouraged the sponsors to propose, in operative paragraph 1 of the revised text, that the members of the latter Committee, together with nine additional experts from Member States, should form the ad hoc committee to undertake the proposed general review. The danger of duplicating the work of the Committee for Programme and Co-ordination would thus be avoided. The need to avoid duplication of documentation was stressed in the revised operative paragraph 5.

33. The primary responsibility of the Council for co-ordinating the economic and social activities of the United Nations system and the steps it had taken to improve its effectiveness in that respect were specifically acknowledged in the third, fourth and eighth preambular paragraphs; the central role of the Council was, of course, implicitly recognized in the proposal to give its Committee for Programme and Co-ordination special responsibility in the general review.

34. Operative paragraph 5, as revised, contained an extremely detailed listing of the specific information which the first phase of the general review was designed to elicit. Like other parts of the draft resolution, that paragraph was not necessarily in its final form and the sponsors would welcome further comments and suggestions.

35. In conclusion, she pointed out that the second preambular paragraph had been added to the revised text in order to emphasize the convictions of many delegations that the Council's co-ordination efforts would continue to be frustrated unless the General Assembly exercised its responsibility to make Member States aware of the consequences of voting for unrelated and overlapping programmes.

36. Mr. CARANICAS (Greece) said that the Economic and Social Council's responsibility for co-ordination

was twofold: it periodically reviewed the activities of all United Nations bodies in order to discover and correct instances of duplication; and it tried to ensure that the planning of the future programmes of those bodies followed a common policy and approach, while preserving the special competence of each agency concerned. The somewhat loose association between the virtually autonomous bodies which reported to the Council made its task difficult; the main obstacle was, however, the lack of co-ordination within Governments themselves, as the Ad Hoc Committee of Experts had pointed out (A/6343, para. 91). It was admittedly impossible, as several speakers had observed, for smaller nations to provide for proper representation at the multitude of meetings of United Nations bodies and their difficulties were made more acute by the manner in which certain new organs had been established. At least part of the remedy was to eliminate competition among agencies. The record of the previous twenty years showed that the older specialized agencies had achieved a high degree of success in that respect, with the valuable help and advice of ACC.

37. His delegation believed that much of the information which the revised draft resolution was intended to produce could be made accessible to Governments by strengthening the functions of the resident representatives. The burden placed on Governments by the proliferation of documents would not, in any event, be reduced, but rather increased, by operative paragraph 5; indeed, the work of sifting and drawing conclusions from all the information to be supplied in accordance with that paragraph could not be under-

taken by Government experts from Member States, and if the work had to be done, his delegation believed that experts who were not in Government service should be recruited for the purpose.

38. Mr. HILL (Secretariat) said that he wished to correct certain misapprehensions which appeared to have arisen about arrangements made by the Secretariat for meetings of the Committee for Programme and Co-ordination during 1967. As was stated in paragraph 28 of the memorandum of the Secretary-General on the calendar of conferences for 1967^{2/}, provision had been made for that Committee to meet not only during the sessions from 1 to 5 May and from 5 to 16 June 1967, but throughout the four-week spring session of the Council.

39. The representative of Malta had referred to a possible lack of co-operation between the specialized agencies and the Committee in question. The Committee had, in fact, enjoyed a very special degree of co-operation with the specialized agencies, the International Atomic Energy Agency and ACC. The statement by the representative of the International Labour Organisation to the Special Committee on Co-ordination^{3/} was consistent with that attitude, since it indicated that the ILO, although it was uncertain of the type of report required by the Committee, had done its utmost to provide the information requested.

The meeting rose at 6.40 p.m.

^{2/} Document E/4269 and Corr.1.

^{3/} See E/AC.51/SR.30.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1070th
MEETING

Monday, 21 November 1966,
at 10.35 a.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 52

General review of the programmes and activities in the economic, social, technical co-operation and related fields of the United Nations, the specialized agencies, the International Atomic Energy Agency, the United Nations Children's Fund and all other institutions and agencies related to the United Nations system (continued) (A/6428, A/C.2/L.877/Rev.1, A/C.2/L.895)

1. Mr. HADJIMILTIS (Cyprus) said that he supported draft resolution A/C.2/L.877/Rev.1 which clearly explained the reasons why the item had been put on the agenda of the current session of the General As-

sembly and whose recommendations laid the groundwork for constructive action. It was the first time that a general review of the kind was being sought, and its importance and the future repercussions on the whole structure of the organizations concerned with activities in the fields in question could not be underestimated. The draft resolution had the right approach in that it laid the foundation for a reorganization of economic development, if such reorganization was necessary. The work of analysis and evaluation should not be tied to any preconceived actions. He believed in the usefulness of a general review because the time had come to obtain a general picture of the whole situation. The point had been made that the proposed review ran the risk of being a duplication of the work of other bodies, but the proposed *ad hoc* committee responsible for the general review would work closely with those other bodies and enjoy the benefit of their experience. Some repetition was inevitable, but that was not a sufficient reason for abandoning the whole project.

2. The United Nations was no longer what it had been twenty years before. Its membership had more than doubled. Nobody had predicted the magnitude and scope of its economic and social activities or the admiration which it would win. Actually the developing countries had changed the institutional orientation and structure of the Organization; every new Member State was asking for technical assistance. In his general statement (1037th meeting), he had paid a tribute to those who had made one of the dreams of the founders of the United Nations a reality. Far from complaining about any deficiency of the United Nations programmes, his Government was grateful for the assistance it had received in many fields. In that context he quoted from a booklet, published in October 1966, on the technical assistance activities of the United Nations in Cyprus over the past five years. The booklet stated that Cyprus had received extensive and varied amounts of technical assistance because its Government had been well organized in making its requests and had co-operated effectively in those activities. The worth-while results had smoothed the way for approval of further requests and had been a gratifying demonstration of how useful a part technical assistance could play in promoting economic development.

3. Mankind expected the United Nations not only to solve political crises but also to correct the maladjustments of the world. The achievements of the United Nations in economic and social development were subjected to scrutiny and stirred up even more hopes. That was why efforts must be redoubled in areas in which it had scored so much success.

4. His delegation was gratified that the draft resolution recognized the importance and nature of the position of the Economic and Social Council and the central role assigned to it in the economic, social and human rights fields under the United Nations Charter. Hence it was unfair to say that the draft resolution was designed to undermine the Council; its provisions in no way derogated from the basic responsibility of the Council which was more necessary than ever. The Second Committee would be performing a very valuable service to the United Nations by providing the impetus and suggesting the establishment of a committee for conducting a comprehensive review of United Nations and related economic and social programmes. Such a review would diagnose the root causes of problems, ascertain the points which needed improvement, including more efficient co-ordination, lead to a tentative evaluation of the whole range of methods, goals and results, and gear the potential of the whole system to contemporary needs.

5. Mr. Donald MACDONALD (Canada) recalled that he had expressed some reservations about the fact that, under the terms of the draft resolution, the general review would not be entrusted to the Economic and Social Council, to which the Charter had assigned the task of co-ordination in the economic and social fields. He quoted from the statement he had made on that subject on 10 November 1966 (1065th meeting). He welcomed the changes which the sponsors had made in the original text of the draft resolution, as a result *inter alia* of the discussions he had had with them. The preamble of the draft resolution, for example, now explicitly acknowledged the importance of the steps the Council had taken to improve its methods of work and welcomed the steps envisaged for the implementation of the recommendations of the *Ad Hoc* Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies. In the operative part of the draft, too, the sponsors had improved the paragraph outlining what was required in the way of documentation for the proposed general review.

6. Nevertheless, despite the fact that the respective positions had moved closer together, there remained the question of principle which was the main difficulty, namely, the Canadian delegation's conviction that the general review should be assigned in the first instance to the Economic and Social Council. His delegation had intended to submit an amendment to that end but had refrained from doing so at the request of some of the sponsors, who wished to consider what further changes they themselves could make in their text. It now appeared, however, that they were not prepared to make the required changes at the moment. The Canadian delegation had therefore submitted its amendment to the Committee (A/C.2/L.895).

7. It considered that the General Assembly should set an example by respecting the prerogatives and specialized roles of its own organs, in the present case, the Economic and Social Council. The Council should be asked to make recommendations on the proposal for a general review; if the Council was bypassed and the task in question was assigned

directly to a committee incorporating the members of the Committee for Programme and Co-ordination, that would create a situation similar to that in which the First Committee would assign a disarmament problem to a committee without referring it first to the Disarmament Commission at Geneva, or in which the Fourth Committee would assign a question concerning colonialism to a committee without referring it to the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. In the present case, respect for the principle would not entail any unnecessary delay, especially in the preparation of the documentation, which owing to the complex nature of the question would require several months to compile. The sponsors of the draft resolution had presumably had that fact in mind when they had requested the *ad hoc* committee to submit only a "preliminary" report to the Economic and Social Council at its forty-third session. The documentation required could not be ready before the summer and that committee could not usefully meet before then. Whatever body was finally appointed to undertake the general review, it would work to greater effect if it started on the basis of the initial review conducted by the Economic and Social Council.

8. It might be asked why the Council, at its last session, had not responded to the invitation addressed to it by the General Assembly at its twentieth session to comment on the proposal for a general review. The reason probably was that the Council had had more urgent questions to consider at that time, including that of its own working methods. The situation was now, however, fundamentally different: the Council would receive a request from the Assembly to examine the proposal for a general review and to report back to the General Assembly at its next session; it would have before it all the documentation that the Secretariat had been able to prepare; and it was now better equipped to address itself to that far-reaching task than it had been at its forty-first session.

9. He hoped that the sponsors of the draft resolution and the other members of the Committee would find the amendments submitted by his delegation acceptable.

10. The CHAIRMAN invited the Committee to adjourn the debate on the draft resolution concerning the general review (A/C.2/L.877/Rev.1) and to adopt its reports on items 51, 43, 50 and 45 of its agenda.

AGENDA ITEM 51

Review and reappraisal of the role and functions of the Economic and Social Council: report of the Secretary-General (*concluded*)

ADOPTION OF THE DRAFT REPORT OF THE COMMITTEE (A/C.2/L.897)

11. Mr. REISCH (Austria), Rapporteur, introduced the draft report of the Committee on agenda item 51.

The draft report (A/C.2/L.897) was adopted.

AGENDA ITEM 43

Decentralization of the economic and social activities of the United Nations (concluded)

ADOPTION OF THE DRAFT REPORT OF THE COMMITTEE (A/C.2/L.896)

12. Mr. REISCH (Austria), Rapporteur, introduced the draft report of the Committee on agenda item 43.

The draft report (A/C.2/L.896) was adopted.

AGENDA ITEM 50

Programme of studies on multilateral food aid: report of the Secretary-General (concluded)

ADOPTION OF THE DRAFT REPORT OF THE COMMITTEE (A/C.2/L.892)

13. Mr. REISCH (Austria), Rapporteur, introduced the draft report of the Committee on agenda item 50.

The draft report (A/C.2/L.892) was adopted.

AGENDA ITEM 45

Permanent sovereignty over natural resources (concluded)

ADOPTION OF THE DRAFT REPORT OF THE COMMITTEE (A/C.2/L.894)

14. Mr. REISCH (Austria), Rapporteur, introduced the draft report of the Committee on agenda item 45.

The draft report (A/C.2/L.894) was adopted.

Organization of the Committee's work

15. Mr. CHAMMAS (Lebanon) requested that in the future the Rapporteur should explain the contents of any amendment proposed during a meeting and incorporated in a draft resolution.

16. The CHAIRMAN said that account would be taken of the wish expressed by the representative of Lebanon.

17. He read out a letter he had received from the President of the General Assembly, in which the President requested representatives who might wish to submit, in plenary meetings of the General Assembly, amendments to draft resolutions already adopted in the Committee to be so good as to transmit the text of their amendments to the Secretariat in good time before the discussion of the item in question in plenary meeting.

18. At the request of the sponsors of the draft resolution concerning agenda item 52 (A/C.2/L.877/Rev.1), who were anxious to continue their conversations with other interested delegations, he suggested that the meeting should be suspended.

It was so decided.

The meeting was suspended at 11.15 a.m. and resumed at 11.49 a.m.

19. The CHAIRMAN announced that the sponsors of the draft resolution wanted to go on with their conversations with the interested delegations. He therefore suggested that the meeting be adjourned.

It was so decided.

The meeting rose at 11.50 a.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1071st
MEETING

Monday, 21 November 1966,
at 3.10 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

Organization of the Committee's work

1. After some procedural discussion, the CHAIRMAN suggested that the Committee should conclude its consideration of item 52, and then take up items 38, 40 and 42 together, postponing item 44. Regardless of its progress on other items, the Committee could begin consideration of item 37 on 28 November, as originally planned.

It was so agreed.

AGENDA ITEM 52

General review of the programmes and activities in the economic, social, technical co-operation and related fields of the United Nations, the specialized agencies, the International Atomic Energy Agency, the United Nations Children's Fund and all other institutions and agencies related to the United Nations system (*continued*) (A/6428, A/C.2/L.877/Rev.2, A/C.2/L.895)

2. Mrs. SOLOMON (Trinidad and Tobago) introduced the revised draft resolution (A/C.2/L.877/Rev.2), and pointed out the differences between it and the previous version. A new preambular paragraph had been inserted at the end of the preamble referring to the objectives of the United Nations Development Decade and, in operative paragraph 1, the sponsors now recommended that the proposed *ad hoc* committee of experts should consist of five instead of nine members. In operative paragraph 5, the documentation requested of the Secretary-General was less complicated and a new operative paragraph 6 had been inserted authorizing the *ad hoc* committee to take whatever further steps it deemed necessary to enable it to fulfil its task.

3. Those changes clarified the aims of the sponsors which were logical and entirely constitutional. So far, the opponents of the draft resolution had been concerned

merely with procedural technicalities and had been quite unable to refute the arguments of the sponsors. No one had denied that the range of United Nations activities in the field of development were so complex as to be self-defeating. Recipients of aid were incapable of comprehending the complexity of the system and donor countries, because of that complexity, were tending to allocate fewer resources for assistance. No one had denied those basic facts or that the Committee was faced with a very real problem. As to the constitutional position, Article 58 of the United Nations Charter clearly stated that "The Organization shall make recommendations for the co-ordination of the policies and activities of the specialized agencies". In other words, the United Nations as a whole must take action to co-ordinate all the various development activities. There was no conflict with the Council which, according to Article 63, paragraph 2, of the Charter, "may co-ordinate the activities of the specialized agencies". The real issue was that the General Assembly should fulfil its ultimate responsibility for reviewing the work of the whole United Nations family.

4. The method proposed by the sponsors would place the full weight of the Organization behind the review called for in operative paragraph 1. The central role in carrying out the review would be given to the Council, assisted by its Committee for Programme and Co-ordination. In that way, the United Nations Conference on Trade and Development and the United Nations Industrial Development Organization, which were organs of the General Assembly, would not be included in the review. The review would be conducted as a matter of urgency without disrupting the work of existing bodies. The Canadian amendments (A/C.2/L.895) entirely missed the point of the draft resolution, which was not challenging the specific role of the Council in the matter of co-ordination.

5. Thus, the proposal was reasonable, necessary and entirely in conformity with the Charter. The sponsors recognized that the problem was urgent and were not content to refer it to another body; they sought joint action to improve the use of the resources of the Organization as a whole.

6. Mr. VARELA (Panama) supported the representative of Trinidad and Tobago and opposed the Canadian amendments because they defeated the aims of the draft resolution and went against the wishes of the majority of the Committee. The Committee for Programme and Co-ordination was concerned with its own work—which was considerable—and would meet for only a total of fifteen days in 1967. It would therefore be completely unable to conduct the general review recommended in the draft resolution. The problem was urgent and the General Assembly itself had requested in its resolution 2150 (XXI) the "earliest

implementation" of the recommendations put forward by the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies in its report (A/6343). There was no question of reducing the authority of the Council since, according to the terms of operative paragraph 7, the proposed ad hoc committee would submit its report to the General Assembly through the forty-third session of the Council.

7. In reply to a question from Mr. ONKELINX (Belgium), Mr. HILL (Secretariat) said that on the following day the Secretariat would indicate the financial implications of the draft resolution once it had cleared up certain points with the sponsors.

8. Mr. Donald MACDONALD (Canada) recalled that the representative of Ghana had suggested that the Second Committee should conduct a review and reappraisal of its own work programme (1067th meeting). The Canadian delegation whole-heartedly supported that proposal and agreed that the Committee should delegate more items to the Council and thus reduce its already heavy agenda. Many of the questions on its agenda could be taken up together under the item "Report of the Economic and Social Council". Further consideration might also be given to eliminating the general debate or at least to limiting it to certain topics. He hoped that the Committee could discuss that matter before the end of the session and that a suitable passage could be inserted in its report.

9. The CHAIRMAN said he intended to circulate a memorandum on the subject before the end of the session and would welcome suggestions from members.

10. Mr. POLIT (Ecuador) suggested that the Committee should proceed to vote on the draft resolution.

11. Mr. PISANI MASSAMORMILE (Italy), noting that the sponsors of the draft resolution suggested an ad hoc committee of twenty-one members, asked what would have happened had the Council decided that the Committee for Programme and Co-ordination should consist of twenty-one members instead of sixteen.

12. Mr. CHAMMAS (Lebanon) agreed that the Committee should proceed to a vote. In view of the difficulties inherent in the question of government experts, his delegation wished to propose certain amendments. In operative paragraph 1, the words "an ad hoc committee of experts" should be replaced by the words "an ad hoc committee". In operative paragraph 3, the words "as their representatives" should be inserted after the word "appoint", and the word "persons" should be replaced by the word "experts". Finally, the terms of the draft resolution should not conflict with operative paragraph 2 of Council resolution 1187 (XLI), in which Member States wishing to take part in the work of the Committee for Programme and Co-ordination were urged to notify the Secretary-General not later than 15 December 1966.

13. Mr. SADI (Jordan) suggested that the first point raised by the Lebanese representative might be met if some such formulation as "an ad hoc committee consisting of five experts from Member States" was used in operative paragraph 1.

14. Mr. NATORF (Poland) said that his delegation was now able to give its general approval to the draft resolution in its new form. However, in order to clarify the idea contained in the last part of operative paragraph 5 (c), his delegation proposed that the words "criteria on which such assistance is provided" should be replaced by some such wording as "criteria applied for the required levels of counterpart contributions made by recipient countries towards project implementation".

15. Mr. WALDRON-RAMSEY (United Republic of Tanzania) agreed with the observations of the representative of Lebanon on operative paragraph 1. The five persons to be appointed to the ad hoc committee should be designated by their Governments for the purpose of reviewing the activities of the organizations concerned on behalf of those Governments. Speculation on what action the sponsors might have taken had the Council decided on a membership of twenty-one for its Committee for Programme and Co-ordination was irrelevant; from the beginning, their concern had been to ensure that the proposed ad hoc committee was as representative as possible of the entire membership of the General Assembly.

16. Mr. FERNANDINI (Peru) drew attention to the fact that the draft resolution contained no reference to the term of office of the members of the proposed committee. He suggested that operative paragraph 1 should be amended to state that they should be appointed for a period of three years.

17. Mr. WILMOT (Ghana) expressed surprise that amendments as drastic as those proposed by the delegation of Canada should have been introduced at so late a stage in the discussion. The intent of those amendments seemed to be at variance with the position taken by the delegation of Canada when the proposals had first been submitted to the Committee; that delegation had then recognized the need for such a general review and had suggested that it should be carried out by the Committee for Programme and Co-ordination, assisted by three government experts. The effect of the proposed amendments was to nullify all that had been done by the sponsors to ensure that the draft resolution recognized both the useful role of the Council and the responsibility of the Assembly to give the Council instructions on matters in which, under the United Nations Charter, the Assembly exercised supreme authority. Moreover, there was no real conflict of competence, since the purpose of the draft resolution was to ask the General Assembly to instruct those of its Members which were also members of the Council to carry out the review. His delegation believed that the subject had been discussed sufficiently and accordingly supported the suggestion by the representative of Ecuador that the Committee should proceed to vote.

18. Mr. DELGADO (Senegal) pointed out that the revised draft resolution had been circulated in English only, which placed delegations using the other working languages at a disadvantage. He accordingly proposed that, in accordance with Rule 121 of the Rules of Procedure of the General Assembly, further discussion of the text should be deferred until the following day.

19. Mr. ABEMANGO (Central African Republic), Mr. GEORGE (France), Mr. N'GUESSAN (Ivory Coast) and Mr. FERNANDINI (Peru) supported the proposal.

It was so decided.

20. Mr. BRADLEY (Argentina) proposed that the meeting should be adjourned.

It was so decided.

The meeting rose at 5.30 p.m.

United Nations
**GENERAL
ASSEMBLY**

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1072nd
MEETING**

Tuesday, 22 November 1966,
at 3.5 p.m.

NEW YORK

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Agenda item 52:

General review of the programmes and activities in the economic, social, technical co-operation and related fields of the United Nations, the specialized agencies, the International Atomic Energy Agency, the United Nations Children's Fund and all other institutions and agencies related to the United Nations system (continued). 285

Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 52

General review of the programmes and activities in the economic, social, technical co-operation and related fields of the United Nations, the specialized agencies, the International Atomic Energy Agency, the United Nations Children's Fund and all other institutions and agencies related to the United Nations system (continued) (A/6428, A/C.2/L.877/Rev.3, A/C.2/L.895, A/C.2/L.899, A/C.2/L.900, A/C.2/L.901/Rev.1)

1. Mr. PARDO (Malta) said that the general review provided for in the draft resolution before the Committee (A/C.2/L.877/Rev.3) was vital to the interests of both developed and developing countries, since they wished available resources to be used to the maximum. By setting realistic and co-ordinated objectives, the review would also be in the long-term interests of all organizations of the United Nations family.
2. In the third revision of their draft resolution, the sponsors had taken account as far as possible of the various objections raised. The authority of the Economic and Social Council was fully respected in the new text, which stipulated, in operative paragraph 7, that the proposed ad hoc committee should report to the General Assembly through the Council. In addition, the documentation to be presented to the ad hoc committee had been defined with greater clarity, and the various changes made would reduce the financial implications.
3. The sponsors were unable to accept the amendments submitted by Canada (A/C.2/L.895), which did not recognize the urgency of the proposed review. The second amendment would result in a delay of at least two years before any practical work was done.
4. Mr. KAUL (India) said that the main question was whether the proposed review should be undertaken by a body of the Council or of the General Assembly.

Since the proposed ad hoc committee of twenty-one members would include the sixteen members of the Committee for Programme and Co-ordination, there seemed to be no advantage in constituting it outside the Council. The Council had a responsibility for the co-ordination of the economic and social activities of all members of the United Nations family, and the argument that such bodies as the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Industrial Development Organization (UNIDO) would not be included if the review were carried out through the Council was therefore unfounded.

5. The Indian delegation supported the objectives of the draft resolution which laid down clear guidelines for the review. However, the review should be undertaken by the Committee for Programme and Co-ordination, with an enlarged membership if necessary. Later, if the Committee believed that the work had not been done properly, it could reconsider the whole matter.

6. Mr. DERESSA (Ethiopia) said that the long-standing problem of co-ordination was becoming increasingly serious as the activities of the United Nations family grew in scope and complexity. His delegation therefore welcomed the proposals contained in the draft resolution and would vote for it.

7. Mr. Donald MACDONALD (Canada) said that the amendments submitted by his delegation were in no way inconsistent with its previous position, as the Ghanaian representative had suggested, and recalled his earlier statement (1065th meeting) that it was too early to establish a new committee at the present stage.

8. It was believed that the preparation of documentation for the review would take at least six months, and no time would therefore be lost if the Council submitted recommendations at its forty-third session. That session, he recalled, would be held in July and August 1967, and not in one year's time.

9. Mr. FERNANDINI (Peru) proposed that the part of operative paragraph 1 preceding the words "to undertake" should be replaced by some such wording as "Decides to establish an Ad Hoc Committee of twenty-one Member States, composed of the members of the Economic and Social Council's Committee for Programme and Co-ordination, together with five additional Member States, for a period of three years".

10. Mr. HILL (Secretariat) explained that the Secretary-General's statement of financial implications (A/C.2/L.899) indicated only estimated costs over and above normal budgetary expenditure during the first phase envisaged by the draft resolution. It did not show the total cost of the general review even

during that first phase, nor did it reflect possible diversion of staff. The financial implications had been estimated on the assumption that the ad hoc committee would meet for three weeks at Headquarters and one week at Geneva. However, if it were decided to hold no meetings at Geneva, expenditure could be reduced by almost one third.

11. Of the reports referred to in operative paragraph 5 of the draft resolution, it was hoped that the first four could be ready by the middle of April 1967. With regard to the report referred to in paragraph 5 (e), it was not expected that the similar report requested by the Governing Council of the United Nations Development Programme would be available before June 1967.

12. While the costs to specialized agencies and other organizations might not be high in the first place, the representatives of some agencies recalled that resources were already very heavily committed, and expressed the hope that the review could be undertaken with the minimum diversion of their senior staff from existing programmes of more direct benefit to the developing countries.

13. Mr. PARDO (Malta) expressed surprise at the estimate for the translation and typing of the final report in view of the fact that a final report would in any case normally be prepared by the Committee for Programme and Co-ordination.

14. Mr. NATORF (Poland) informed the Committee that the first, second and fourth amendments contained in document A/C.2/L.900 had been withdrawn. The third amendment had been incorporated into document A/C.2/L.901/Rev.1, of which his delegation, together with those of Czechoslovakia and the Union of Soviet Socialist Republics, had become sponsors.

15. Mr. BADAWI (United Arab Republic) said that the three developing countries sponsoring document A/C.2/L.901/Rev.1 were gratified by the spirit of co-operation which had made it possible for three socialist delegations to become co-sponsors. That was further evidence of the widespread agreement within the Committee on the value of the review proposed in the draft resolution; the only difference of opinion which remained was on the composition of the reviewing body. The sponsors of the amendments had had two aims in view: to emphasize the continuous nature of the process of co-ordination and the consequent need to avoid disrupting the Council's co-ordination activities, and to ensure that all members of the enlarged Committee for Programme and Co-ordination were appointed in the same manner and were therefore of equal status. In order to meet one of the major objections of the sponsors of the draft resolution, the amendments also provided for the enlarged Committee to receive its mandate from the General Assembly.

16. Mr. CHAMMAS (Lebanon) observed that there appeared to be little, if any, difference in substance between the draft resolution and the amendments just introduced. The proposal that the general review should be undertaken by the Committee for Programme and Co-ordination, suitably enlarged, rather than by the ad hoc committee referred to in the draft resolution was no more than a change in name; the members of the Committee for Programme and Co-ordination

would, in either event, form the core of the body responsible for the general review. It was regrettable, moreover, that the Committee should continue to be divided on the question of the emphasis to be given to the authority of the General Assembly in the final draft resolution, since the competence of the Assembly in co-ordination matters was laid down in the United Nations Charter and was therefore unchallengeable. It should also be borne in mind that if the Economic and Social Council was instructed to enlarge its Committee for Programme and Co-ordination or, alternatively, if the President of the General Assembly was asked to designate five Member States to serve on the proposed ad hoc committee, the body concerned would be acting for the entire membership of the United Nations and exercising the Assembly's authority over subsidiary organs. It was therefore unfortunate that the first amendment in document A/C.2/L.901/Rev.1 appeared to treat the Assembly and the Council as having equal authority and he hoped that the sponsors would change its wording.

17. Mr. WALDRON-RAMSEY (United Republic of Tanzania) said that his delegation had agreed to co-sponsor the draft resolution on the understanding that the intention was that the General Assembly should establish a committee to perform the functions described in that document; it did not accept the arguments advanced in favour of having the general review carried out by a committee of the Council or by one whose members were designated by both the Assembly and the Council. The Council's role in co-ordination, important as it was, was to discharge functions delegated to it by the General Assembly and to report to the Assembly on what it had done.

18. The fact that the sponsors of the amendments in document A/C.2/L.901/Rev.1 included the delegations of three developing countries seemed to indicate a failure on their part to recognize that recent improvements in the membership and procedures of the Council had not had the effect of making it a more suitable instrument for helping the developing countries. The insistence that such autonomous organs of the Assembly as UNCTAD and UNIDO should report, in the first instance, to the Council was an example of the way in which certain States sought to use the Council as an instrument for opposing the will of the General Assembly.

19. His delegation considered, moreover, that the record of achievement of the Council's Committee was not so impressive as to inspire confidence in it as the body to undertake the general review. Its past estimates had amounted to little more than an exchange of views among the representatives of the agencies, on which a report was duly made to the Council; it had not achieved any effective co-ordination of its members' activities. The sponsors of the draft resolution had, however, gone some way towards meeting the objections to their original proposals for a committee to be appointed by the General Assembly alone, but the amendments proposed in documents A/C.2/L.895 and A/C.2/L.901/Rev.1 were equivalent to a rejection of the compromise of a mixed committee and were accordingly unacceptable. His delegation supported the observations of the representative of

Lebanon on operative paragraph 1 of the latter document and considered that the wording of paragraph 2 was likely to lead to further confusion.

20. Mr. WILMOT (Ghana) observed that the sponsors of the draft resolution and of document A/C.2/L.901/Rev.1 agreed that the review should be carried out by a body, the nucleus of which would be the members of the Committee for Programme and Co-ordination, with the participation of additional members. The point at issue was whether those additional members were to be designated by the General Assembly or the Economic and Social Council. His delegation was unable to understand why, if the new committee was to be responsible to the Assembly, as the sponsors of document A/C.2/L.901/Rev.1 proposed, the Assembly should not have a say in the appointment of its members, particularly if the economic and social activities of the United Nations itself and of subsidiary organs of the Assembly, such as UNCTAD and UNIDO, were to be covered by the review. His delegation had been gratified by the willingness of the sponsors of the draft resolution to accept useful amendments and would support the draft resolution as it stood, subject to the inclusion of the Peruvian amendment.

21. Mr. LOPEZ (Philippines) said that he was prepared to support the amendments contained in document A/C.2/L.901/Rev.1 which recognized the division of authority and functions between the General Assembly and the Economic and Social Council laid down by the Charter. Those amendments safeguarded the Council's primary responsibility for co-ordination, subject to the ultimate authority of the Assembly, and made it possible for the Assembly to exercise that authority should the Council's Committee for Programme and Co-ordination fail to do what was required of it.

22. He pointed out, however, that the appointment of a committee of twenty-one members, each of which would have to be accompanied by alternates, meant that forty-two experts would have to be recruited, and it was doubtful whether so many could be made available by their Governments for the required periods. A decision to enlarge the Committee for Programme and Co-ordination for the purpose of the review was therefore unlikely to improve either the quality or the representative nature of the body undertaking the review, and his delegation was in favour of delegating the work of that Committee with its existing membership.

23. Mr. WARSAMA (Somalia) said that his delegation fully supported the draft resolution. One of the chief aims of the sponsors was to avoid duplication of programmes: the proposals contained in document A/C.2/L.901/Rev.1, however, would achieve precisely the opposite effect by creating overlapping and confusion in the activities of the Council itself. Moreover, if the enlarged Committee for Programme and Co-ordination were to be responsible to the Council, it would be extremely difficult for it to review the activities of its parent body.

24. Mr. DJOUDI (Algeria) observed that it was the common concern of all delegations to reduce the disproportion between the resources devoted to economic and social activities and the results achieved. The recommendations in the report of the

Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies (A/6343) had identified the proliferation of organs as one of the factors which had led to the existing situation; his delegation supported that view and had become a sponsor of the amendments contained in document A/C.2/L.901/Rev.1 because it considered that the Committee for Programme and Co-ordination was capable of undertaking the proposed review. The purpose of those amendments was, in fact, to promote the rational use of existing resources, while at the same time alleviating the fears of those who were concerned about a possible conflict of authority between the Assembly and the Council. His delegation was not unalterably opposed to the designation of the additional members by the President of the General Assembly.

25. Mrs. SOLOMON (Trinidad and Tobago) said that the sponsors were able to accept the Peruvian amendment to operative paragraph 1 of the draft resolution which would now read: "Decides to establish for three years an ad hoc committee consisting of twenty-one Member States, composed of five Member States designated by the President of the General Assembly and sixteen members of the Economic and Social Council's Committee for Programme and Co-ordination...". With the acceptance of that amendment, Peru had become a sponsor of the draft resolution.

26. The sponsors could not accept the Canadian amendments (A/C.2/L.895) since they were irrelevant, nor the amendments in document A/C.2/L.901/Rev.1 since they did not recognize the primacy of the General Assembly. The sponsors did not disagree in principle with the two additional paragraphs proposed for the preamble in the latter document, but felt the points were already covered in the twelve preambular paragraphs of the original text. The wording of the proposed new operative paragraph 1 was vague and placed far too much emphasis on the role of the Economic and Social Council.

27. The original text was clearer, raised fewer constitutional problems, and stressed the need for joint action by the General Assembly and the Council. The sponsors had tried to meet all the criticisms made and felt that the revised text was both logical and acceptable.

28. Mr. DELGADO (Senegal) said that the revised text of the draft resolution should be considered in the light of the recommendations of the Ad Hoc Committee of Experts, the new machinery for co-ordination that had been instituted by the Council, and the provisions of the Charter. His delegation welcomed the general aims of the draft resolution, but felt it did not take sufficiently into account the work already done in the field of co-ordination. There were many positive elements in the text, particularly the emphasis on operational programmes, but his delegation disagreed with the methods chosen. The work of the proposed ad hoc committee must be integrated with existing machinery and, although the revised text of the draft resolution took into account many of the suggestions that had been made, his delegation felt that its pre-occupations were met much more fully in amendments A/C.2/L.901/Rev.1.

29. He disagreed with the representatives of the United Republic of Tanzania and Ghana about the need for setting up a new ad hoc committee of the General Assembly; the review must be conducted by the Committee for Programme and Co-ordination. It was true that the Council had encountered difficulties in the past in co-ordinating the activities of the various bodies, but it had been enlarged and should be given a chance to do the work specified in the draft resolution. He hoped therefore that the sponsors would accept the amendments in document A/C.2/L.901/Rev.1.

30. In regard to the statement of financial implications by the Secretary-General, he objected to the estimate contained in paragraph 7 (a) of document A/C.2/L.899, since there was no reason to charge to the United Nations the travel and subsistence costs of the proposed ad hoc committee.

31. Mr. PARDO (Malta) said that the first of the additional preambular paragraphs proposed in document A/C.2/L.901/Rev.1 was quite unacceptable to his delegation because it equated the Council with the General Assembly. Article 60 of the United Nations Charter plainly stated that responsibility for the discharge of the functions set forth in Chapter IX of the Charter "shall be vested in the General Assembly and, under the authority of the General Assembly, in the Economic and Social Council". The second additional paragraph proposed to the preamble was acceptable although it would be better to say "to have an over-all view continuously", instead of "to have an over-all view at least once each year". It would also be better to speak of "the cost to Member Governments".

32. The proposed rewording of operative paragraph 1 was vague and confusing. It was not clear what "on a temporary basis" meant, and the final sentence of the proposed new operative paragraph 1 was quite unacceptable. That sentence should read: "This enlarged Committee shall be responsible to the General Assembly". On that point, the text of the draft resolution was much clearer since the ad hoc committee would submit its report to the General Assembly, through the Economic and Social Council.

33. Mrs. SOLOMON (Trinidad and Tobago) announced that Ghana and Somalia had become sponsors of the draft resolution.

34. Mr. VARELA (Panama) said he would have to withdraw from the list of sponsors because the inclusion of the Peruvian amendment had made the draft resolution unacceptable. In the Economic and Social Council, Panama had argued strongly for a much smaller Committee for Programme and Co-ordination and could not agree that its membership should be increased to twenty-one.

35. Mr. MAKEEV (Union of Soviet Socialist Republics) said that the Committee had wasted too much time discussing methods of implementing the draft resolution instead of its substance. Everyone supported the general aim of the sponsors, but the discussion had concentrated on legal matters rather than on the essential matter of co-ordination. The preamble of the revised draft resolution correctly reaffirmed the central role of the Economic and Social Council, welcomed the enlargement of that body and recalled the many resolutions that the Council had adopted on the

subject of co-ordination. However, in the operative part, the sponsors seemed to have forgotten the preamble and, instead of delegating the review to the proper body, namely, the Council, still sought to set up a new committee. It was for that reason that the USSR delegation had joined with others in submitting the amendments contained in document A/C.2/L.901/Rev.1. Their revised text of operative paragraph 1 was fully in line with the recommendations of the Ad Hoc Committee of Experts which were also referred to in the preamble and which stressed that existing co-ordination bodies should be used.

36. His delegation had serious doubts about the constitutionality of the body recommended in the draft resolution. The Committee for Programme and Co-ordination was a subsidiary organ of the Council but, according to the revised text of the draft resolution, the General Assembly was to give instructions to it and appoint additional members. That was a dangerous precedent. The Committee for Programme and Co-ordination could only be constituted by its parent body, the Council. To have some members designated by the Council and others designated by the President of the General Assembly would give rise to considerable difficulties.

37. It was not very helpful to accuse the co-ordinating bodies of the Council of not doing their work properly. It was true that the Council could perhaps do more to effect co-ordination, but only if delegations gave it the necessary support. He hoped therefore that all delegations would allow the newly constituted Committee for Programme and Co-ordination time to prove itself. That Committee already had a membership of sixteen and it was difficult to see how the addition of five more experts could improve it.

38. He hoped therefore that the sponsors of the draft resolution could accept the amendments contained in document A/C.2/L.901/Rev.1.

39. Mr. BLØEND (Denmark) questioned the figure of \$54,300 for reproduction costs given in paragraph 4 of document A/C.2/L.899.

40. Mr. VARELA (Panama) said that the amendments (A/C.2/L.901/Rev.1) were completely unacceptable because they were ambiguous and contradictory. The amendment to operative paragraph 1 requested the Council to enlarge its own Committee, although it had already increased the membership of that Committee from twelve to sixteen, and completely confused the responsibilities of the General Assembly and of the Council.

41. Mr. VILFAN (Yugoslavia) said that his delegation, in co-sponsoring the amendments contained in document A/C.2/L.901/Rev.1, had been prompted by the desire to formulate a resolution that would receive the widest possible support. From the statements of the resolution's sponsors, it appeared that the attempt for a unanimous solution had failed.

42. He believed there was unanimity on every important issue, particularly in regard to the importance and urgency of the review. All delegations also appeared to agree that the General Assembly should issue the mandate for the review, and that the Assembly had the final authority over this review.

The sponsors of the amendment believed that such authority could be secured even if the Committee for Programme and Co-ordination, enlarged by five additional countries to be designated by the President of the General Assembly, would undertake the task of the preparation of the said review and had framed their amendment accordingly.

43. He said that the comments of the representative of Malta indicated the possibility of finding a common language for the draft resolution.

44. Mr. WARSAMA (Somalia) asked whether the outline of the handbook and the inventory referred to in operative paragraph 5 would involve extra expenditure.

45. Mr. HILL (Secretariat) explained, in reply to the representative of Senegal, that, if the proposed ad hoc committee were to meet at Geneva for one week, travel and subsistence would cost the United Nations \$21,800 unless Governments expressly waived that expenditure as they had done in the case of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies.

46. In reply to the representative of Somalia, he pointed out that the documents requested in operative paragraph 5 (b), (c) and (d) could be produced without substantial additional expenditure.

47. He agreed with the representatives of Malta and Denmark that the figures given in paragraph 4 of

document A/C.2/L.899 seemed somewhat high. If necessary, he would give a breakdown of those figures at the following meeting. The size of the preliminary report had been arbitrarily estimated at 100 pages but, if it could be reduced to twenty-five or thirty pages, considerable savings would be effected.

48. The financial implications of amendments A/C.2/L.901/Rev.1 would be the same as those of the draft resolution except that the travel and subsistence costs in regard to a possible meeting in Geneva, estimated in paragraph 7 (a) of document A/C.2/L.899, would not arise.

49. The Secretariat interpreted the words "on a temporary basis", in the new paragraph 1 proposed in amendments A/C.2/L.901/Rev.1, to mean that the Committee for Programme and Co-ordination would be enlarged merely to do the work prescribed in the draft resolution and that the sixteen-member Committee would continue to be responsible to the Council for its other work.

50. Mr. BADAWI (United Arab Republic) introduced document A/C.2/L.901/Rev.2 and drew attention to the revised amendment to operative paragraph 1 which took into account the criticisms made by the Maltese and other delegations.

The meeting rose at 7.30 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1073rd
MEETING

Wednesday, 23 November 1966,
at 3.10 p.m.

NEW YORK

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Agenda item 52:

General review of the programmes and activities in the economic, social, technical co-operation and related fields of the United Nations, the specialized agencies, the International Atomic Energy Agency, the United Nations Children's Fund and all other institutions and agencies related to the United Nations system (continued). 291

Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 52

General review of the programmes and activities in the economic, social, technical co-operation and related fields of the United Nations, the specialized agencies, the International Atomic Energy Agency, the United Nations Children's Fund and all other institutions and agencies related to the United Nations system (continued) (A/6428, A/C.2/L.877/Rev.3, A/C.2/L.895, A/C.2/L.899, A/C.2/L.901/Rev.3)

1. Mr. LOPEZ (Philippines) introduced a further revision of the eight-Power amendments (A/C.2/L.901/Rev.3) to the revised draft resolution (A/C.2/L.877/Rev.3). In view of the opposition of the Maltese and other delegations, the sponsors of the amendments had withdrawn the additional paragraphs which they had previously proposed to the preamble. They had also reworded their amendment to operative paragraph 1 by replacing the phrase "designated by the President of the General Assembly" by the phrase "elected by the General Assembly" and by changing the final sentence of the paragraph to conform to the wording of Article 60 of the United Nations Charter. In that way, both groups of representatives to the enlarged Committee for Programme and Co-ordination would be chosen by election so that in fact it would become a joint committee of the General Assembly and of the Council. Furthermore, the specific responsibility of the Council and the final authority of the General Assembly were clearly recognized.

2. Mrs. SOLOMON (Trinidad and Tobago) said the sponsors of the draft resolution still felt that their text was a clearer and more logical statement of the constitutional position. It was anomalous for the General Assembly to elect members to a committee of the Council and there were also practical difficulties in the way of such an election because the Council was due to end its resumed forty-first session on 21 December and the enlargement of the Committee for Programme and Co-ordination might give rise to

lengthy debate. Indeed, the sponsors feared that the whole issue might be postponed. In view of those difficulties of timing, she requested the sponsors of the amendments in document A/C.2/L.901/Rev.3 to withdraw them, since there was now very little difference between them and the original text.

3. Mr. LOPEZ (Philippines) asked whether it would be possible for the Council to meet earlier than originally scheduled in order to enlarge the Committee for Programme and Co-ordination. He wished to make it clear that the sponsors of the amendments (A/C.2/L.901/Rev.3) intended that the General Assembly should elect the five additional members at the present session.

4. Mr. ROOSEVELT (United States of America) said that on 19 and 20 December the Council was to discuss the reports of the International Monetary Fund and the International Bank for Reconstruction and Development. It would have little time for any further business.

5. Mr. KITTANI (Secretary of the Committee) said that both the General Assembly and the Economic and Social Council had very heavy agendas and it might indeed be difficult for the Council to deal with the question of the Committee for Programme and Co-ordination on 19 and 20 December. It might be possible for a special meeting of the Council to be held on 15 or 16 December for that purpose.

6. Mrs. SOLOMON (Trinidad and Tobago) again appealed to the sponsors to withdraw document A/C.2/L.901/Rev.3 in view of the difficulties of timing.

7. Mr. MAKEEV (Union of Soviet Socialist Republics) thought that there would be no difficulty in electing the members of the enlarged Committee for Programme and Co-ordination: the Council could elect the sixteen members at its resumed forty-first session and the General Assembly could elect the five additional members when it considered the Second Committee's report on item 52. There were, in fact, substantial differences between the amendments (A/C.2/L.901/Rev.3) and the original text and those amendments should therefore be put to the vote.

8. Mr. VARELA (Panama) said that, had it been possible under the rules of procedure, his delegation would have withdrawn from the list of sponsors of draft resolution A/C.2/L.877/Rev.3 because of its opposition to the amendment to operative paragraph 1 which had been accepted on behalf of the sponsors. The effect of the amended paragraph would be to require the General Assembly to reject the recommendations of the *Ad Hoc* Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies, particularly those relating to

the size and expertise of the Council's Committee, which it had previously endorsed in General Assembly resolution 2150 (XXI). His delegation believed that the only way to avoid placing the Assembly in that difficult and embarrassing situation was to propose the appointment of an *ad hoc* committee all of whose members would be elected by the Assembly.

9. Mr. AHMED (Pakistan) observed that the Council's decision to enlarge its Committee for Programme and Co-ordination had been a controversial one and it was unlikely that the election of the members of that Committee during the second part of the resumed forty-first session would proceed so smoothly as to make the procedure suggested by the USSR representative practicable, even if the necessary adjustments could be made in the time-tables of the Assembly and the Council.

10. Mr. ROOSEVELT (United States of America), supported by Mr. INGRAM (Australia), suggested that, in view of those difficulties, the sponsors of the draft resolution should revert to the method of election they had proposed in document A/C.2/L.877/Rev.2.

11. Mr. VILFAN (Yugoslavia), speaking on behalf of the sponsors of document A/C.2/L.901/Rev.3, said that the discussion had made it clear that the method of election proposed in their amendment concerning operative paragraph 1 would give rise to many difficulties. The sponsors had therefore decided to amend the relevant provision of that amendment by replacing the phrase "elected by the General Assembly" by the phrase "designated by the President of the General Assembly".

12. Mr. MURAYA (Kenya) proposed that the debate should be closed and the Committee should proceed to a vote.

It was so decided.

13. The CHAIRMAN invited the Committee to vote on the amendments proposed by Canada (A/C.2/L.895).

At the request of the representative of Togo, the vote was taken by roll-call.

Bulgaria, having been drawn by lot by the Chairman, was called upon to vote first.

In favour: Canada, Denmark, Finland, France, Iceland, Ireland, Japan, Luxembourg, New Zealand, Norway, Sweden, United Kingdom of Great Britain and Northern Ireland, Austria, Belgium.

Against: Burma, Burundi, Chile, Colombia, Congo (Democratic Republic of), Dominican Republic, Ecuador, Ethiopia, Ghana, Guatemala, Guyana, Haiti, Honduras, Indonesia, Israel, Jamaica, Jordan, Kenya, Kuwait, Lebanon, Lesotho, Liberia, Libya, Madagascar, Malawi, Malaysia, Malta, Mexico, Morocco, Nigeria, Pakistan, Panama, Paraguay, Peru, Saudi Arabia, Sierra Leone, Somalia, Spain, Sudan, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, United Republic of Tanzania, Venezuela, Yugoslavia, Argentina, Australia, Brazil.

Abstaining: Bulgaria, Byelorussian Soviet Socialist Republic, Cameroon, Ceylon, Chad, China, Cuba, Cyprus, Czechoslovakia, Dahomey, Gabon, Greece, Guinea, Hungary, India, Iran, Iraq, Italy, Ivory Coast,

Mongolia, Netherlands, Niger, Philippines, Poland, Portugal, Romania, Rwanda, Senegal, South Africa, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United States of America, Upper Volta, Zambia, Afghanistan, Algeria.

The amendments were rejected by 51 votes to 14, with 38 abstentions.

14. The CHAIRMAN invited the Committee to vote on the orally revised amendments contained in document A/C.2/L.901/Rev.3.

15. Mr. WALDRON-RAMSEY (United Republic of Tanzania), supported by Mr. LAI (Malaysia) and Mr. Lorenzo FERNANDEZ (Brazil) requested a separate vote on the orally revised first amendment.

16. Mr. RAHNEMA (Iran) opposed that request: the first and second amendments could not logically be separated, since their subject-matter was closely interrelated.

17. Mr. DELGADO (Senegal) and Mr. KARMARKAR (India) agreed with the point of view.

18. The CHAIRMAN ruled that a request for a separate vote must be granted, and invited the Committee to proceed to a vote on the first amendment.

At the request of the representative of Togo, the vote was taken by roll-call.

Guyana, having been drawn by lot by the Chairman, was called upon to vote first.

In favour: Hungary, Iceland, India, Iran, Iraq, Ireland, Italy, Japan, Kuwait, Lebanon, Luxembourg, Mongolia, New Zealand, Norway, Philippines, Poland, Romania, Senegal, South Africa, Sweden, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United States of America, Upper Volta, Yugoslavia, Afghanistan, Algeria, Australia, Austria, Belgium, Bulgaria, Byelorussian Soviet Socialist Republic, Canada, Ceylon, Chad, Cuba, Cyprus, Czechoslovakia, Denmark, Finland, France, Gabon, Greece, Guinea.

Against: Guyana, Haiti, Indonesia, Israel, Jamaica, Jordan, Kenya, Lesotho, Liberia, Libya, Madagascar, Malawi, Malaysia, Malta, Morocco, Niger, Nigeria, Pakistan, Paraguay, Peru, Saudi Arabia, Sierra Leone, Somalia, Spain, Sudan, Syria, Thailand, Togo, Trinidad and Tobago, Uganda, United Republic of Tanzania, Zambia, Brazil, Burma, Burundi, Cameroon, Chile, China, Colombia, Congo (Democratic Republic of), Dominican Republic, Ecuador, Ghana.

Abstaining: Honduras, Ivory Coast, Mexico, Netherlands, Nicaragua, Panama, Portugal, Rwanda, Tunisia, Venezuela, Argentina, Bolivia, Dahomey, Ethiopia, Guatemala.

The revised first amendment was adopted by 47 votes to 43, with 15 abstentions.

19. The CHAIRMAN invited the Committee to vote on the orally revised amendments (A/C.2/L.901/Rev.3) as a whole.

The revised amendments were adopted by 51 votes to 35, with 16 abstentions.

20. Mr. ISSAKA (Togo) said that his delegation wished to withdraw its sponsorship of the draft resolution as amended.

21. Mr. WALDRON-RAMSEY (United Republic of Tanzania) said that following the adoption of the revised first amendment, his delegation had not participated in the vote on the amendments as a whole, nor would it participate in the vote on the amended draft resolution, of which it no longer wished to be a sponsor.

22. The CHAIRMAN invited the Committee to vote on the draft resolution (A/C.2/L.877/Rev.3), as amended.

At the request of the Indian representative, the vote was taken by roll-call.

Haiti, having been drawn by lot by the Chairman, was called upon to vote first.

In favour: Hungary, Iceland, India, Iran, Iraq, Ireland, Italy, Japan, Kuwait, Lebanon, Lesotho, Luxembourg, Madagascar, Malawi, Malaysia, Mauritania, Mexico, Mongolia, New Zealand, Nigeria, Norway, Philippines, Poland, Romania, Senegal, Sierra Leone, Somalia, South Africa, Sweden, Tunisia, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United States of America, Upper Volta, Yugoslavia, Afghanistan, Algeria, Argentina, Australia, Austria, Bulgaria, Byelorussian Soviet Socialist Republic, Cameroon, Canada, Ceylon, Chad, China, Cuba, Cyprus, Czechoslovakia, Dahomey, Denmark, Finland, Gabon, Greece, Guatemala, Guinea.

Against: None.

Abstaining: Haiti, Honduras, Indonesia, Israel, Ivory Coast, Jamaica, Jordan, Kenya, Liberia, Libya, Malta, Morocco, Netherlands, Niger, Pakistan, Panama, Paraguay, Peru, Portugal, Rwanda, Saudi Arabia, Spain, Sudan, Syria, Thailand, Trinidad and Tobago, Uganda, Venezuela, Zambia, Belgium, Bolivia, Brazil, Burma, Burundi, Chile, Colombia, Congo (Democratic Republic of), Dominican Republic, Ecuador, Ethiopia, France, Ghana, Guyana.

The draft resolution as amended, was adopted by 60 votes to none, with 43 abstentions.

23. Mr. WILMOT (Ghana) said that he wished to have placed on record his delegation's view that Rule 118 of the Rules of Procedure of the General Assembly was illogical. In common with a number of other delegations which had sponsored the draft resolution just adopted, his delegation, had it been possible, would have withdrawn its name from the list of sponsors when the amendment to which it was opposed

was adopted. His delegation hoped the General Assembly would find an opportunity to consider whether the application of Rule 118 was still justifiable.

24. Mr. WOULBROUN (Belgium) said that his delegation had abstained in the vote on the draft resolution, although it believed that a comprehensive review of the kind proposed was urgently required. It could not support a line of action which implied that the way to deal with the proliferation of committees and to achieve a more rational use of existing resources was to establish yet another committee. Moreover, since the ultimate aim of the proposals was to simplify procedures, the device of a mixed committee of the Assembly and the Council appeared unnecessarily cumbersome.

Mr. Boiko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

25. Mr. ISSAKA (Togo) supported the observations of the representative of Ghana. His delegation believed that the endeavour to improve the co-ordination machinery of the United Nations was extremely important; it had not, however, participated in the vote because it considered that the very purpose of the draft resolution had been nullified by the amendments adopted.

26. Sir Edward WARNER (United Kingdom) said that his delegation had voted in favour of the draft resolution, although it had reservations similar to those expressed by the representative of Belgium. He also wished to place on record his delegation's view that the financial and technical criteria referred to in operative paragraph 5 (c) of the draft resolution, as adopted, included economic criteria. He stressed that assistance was destined for the developing countries.

27. Mr. BRADLEY (Argentina) said that his delegation had supported the aims of the draft resolution throughout and had voted in favour of it, despite the amendments, because of the importance it attached to the proposed general review. The amendments affected only the manner in which the work was to be done and did not detract from the value of the proposals.

28. Mr. OLUMIDE (Nigeria) said that his delegation had voted in favour of the draft resolution, as amended, because its provisions made it unnecessary for a separate body to be set up to carry out the general review.

29. Mr. M'BAYE (Guinea) said that his delegation supported the sponsors' efforts to improve the co-ordination of economic and social activities and had therefore voted in favour of the draft resolution.

The meeting rose at 5.30 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1074th
MEETING**

Thursday, 24 November 1966,
at 10.40 a.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEMS 38, 40 AND 42

Establishment of a United Nations capital development fund: report of the Committee on a United Nations Capital Development Fund (A/6303/Add.1, chap. II; A/6418, A/6459)

Accelerated flow of capital and technical assistance to the developing countries: report of the Secretary-General (A/6303, chap. V, sect. I; A/6461, E/4170 and Add.1 and 2 and Add.2/Corr.1, E/4171 and Corr.1, E/4189 and Corr.1 and 2, E/4240, A/C.2/L.898, A/C.2/L.902, A/C.2/L.905)

Inflation and economic development: report of the Secretary-General (A/6303, chap. III, sect. I and chap. XVI, sect. VIII; A/6424, E/4152 and Corr.1)

1. Mr. VARELA (Panama), introducing his delegation's draft resolution on the agenda item 40 (A/C.2/L.902), said that, although his delegation's views on the three items as a whole might seem Utopian to some, they were merely bold when compared to the orthodox system hitherto used by the United Nations to promote the social and economic growth of the underprivileged peoples. In terms of the requirements and wishes of those peoples, however, they were only logical and rational, since they served the world's need to advance towards a system whereby national decisions would be taken in the context of the international situation and of objectives tailored to the needs of the world community.

2. Everyone was aware of the specific data pertaining to the net flow of capital to the developing countries, the absorptive capacity of those countries and the heavy burden imposed on them by the servicing of a foreign debt contracted on unfavourable terms because of the demands of the rich countries. Those data had been given in many reports and speeches and he did not think it necessary to repeat them. The critical insufficiency of the flow of capital from

the developed countries to the developing countries was due to the fact that, under the United Nations system, that flow depended on voluntary contributions, namely, the goodwill of Governments, which too often forgot that developing countries were not resigned to poverty and that the future of the world would be determined to a large extent by the magnitude of the effort made by the peoples of the developed countries to promote progress and eliminate the present gap between them and other peoples.

3. Neither the appeals and decisions of the General Assembly, the supreme organ of the United Nations, nor the establishment of international bodies to promote economic growth and social progress had led to the fulfilment of the objectives set. They had done even less to satisfy the growing expectations of the peoples. All the organizations so far established were financed by voluntary contributions which always fell short of the objectives, reasonable though they were, which would allow moderate results to be achieved. For instance, none of the targets set and so solemnly proclaimed for the United Nations Development Decade had been reached, and the world situation was as described by his delegation in the preamble to its draft resolution. Similarly, the proposed United Nations capital development fund would, according to the draft statute, be financed by voluntary contributions. Although his delegation did not expect very much from that fund, it would not oppose it. It would, however, object to the fund's becoming a new United Nations body or a new unit of the United Nations Development Programme (UNDP), which would lead to a harmful dispersal of resources. It therefore believed that the time had come to consider bold measures, consistent with present realities, which would render international economic interdependence more effective.

4. Fully convinced, like the President of the Economic and Social Council, that the efforts to promote development were being hampered not by the irony of fate but by the will of men, his delegation had submitted a draft resolution which merely requested a study, but which would put the goodwill of the leaders of all countries to the test and make it possible to assess the feasibility of a system for adequately complementing the efforts of the developing countries to accelerate the pace of their economic growth and social progress.

5. He did not doubt that the draft resolution, which laid no obligation on the Member States, would win the Committee's support, since its purpose was one which could not, in view of the pressure being exercised by the great majority of the world's population, be indefinitely ignored.

6. Mr. Mohamed AL-ATRASH (Syria), introducing, on behalf of the fourteen sponsors, draft resolution A/C.2/L.898, stated that, to accelerate their rates of growth and bridge the gap between them and the developed countries, the developing countries would need an increased flow of net financial aid, even if their trade problems were solved.

7. The International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA) had estimated in its most recent annual report^{1/} that the developing countries could, over the next five years, use effectively an average of between \$3,000 million and \$4,000 million a year more than they had received from abroad in recent years. The Secretary-General, too, had pointed out that the insufficiency of external resources was the main obstacle to the efforts of a large number of those countries to accelerate their economic growth. Unfortunately, the net flow of official assistance from the industrial countries to the developing countries and to multilateral institutions had remained rather static at about \$6,600 million during the five years 1961 to 1965. Moreover, as a percentage of the national income, the amount of assistance had declined for the fifth successive year. That state of affairs was due, *inter alia*, to the high rate of increase in the cost of debt service payment. If the settlement of trade arrears and of other short-term liabilities were included, the figure paid by ninety-seven developing countries under that head would be seen to have amounted to \$4,000 million in 1964. That, plus the fact that the net flow of official aid had increased during the period 1956-1964 at an average annual rate of 8 per cent, whereas debt service payments had risen by 19 per cent per annum, explained the concern of the sponsors that the rapid increase in the burden of debt servicing borne by the developing countries was likely to cancel out the inflow of capital in fifteen years. In a number of developing countries, moreover, the flow of long-term capital and official grants was already negative.

8. The main idea of the operative part of the draft resolution was that one of the ways of rectifying the situation was to reduce the drain of capital from the developing countries. The first preambular paragraph of the draft resolution referred to General Assembly resolution 1938 (XVIII). In that connexion, he recalled operative paragraph 2 (a) of that resolution. In requesting the General Assembly to endorse Economic and Social Council resolution 1184 (XLI) the sponsors felt that agreement on the methodological and conceptual problems raised in measuring capital flows was essential to provide reliable data on such flows and to enable the Secretary-General to comply with operative paragraph 2 of the draft resolution.

Mr. Boiko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

9. Mr. PIÑERA (Chile) wished to clarify his delegation's position on the establishment of a United Nations capital development fund, a matter which the Organization had been examining for fifteen years but which was more topical than ever.

10. Foremost among the international sources of financing there was, at the world level, IBRD, which, since its foundation, had provided valuable aid both to the developing countries and to the developed countries (especially the European countries after the war), but whose operations were nevertheless subject to certain limitations. Its investments were intended primarily to promote industrial development, then agriculture and transport and, on a lesser scale, the extractive industries. It had recently entered the field of social investment, but there was no denying the fact that, since it depended mainly on the private capital market, it had had to confine itself to interest-yielding operations attractive to investors. In so saying, his delegation did not mean to criticize unfairly IBRD, from which its country had received generous assistance. It was merely stating a fact. The International Development Association (IDA) could, thanks to the efforts made by the developed countries, offer the developing countries very favourable financing terms, but it was mainly interested in infra-structure and transport and, because of its limited resources and of a position of principle, its operations did not cover the social sector. In so far as its modest resources permitted, the International Finance Corporation was doing very useful work which he had no intention of criticizing, but its operations were limited by the fact that its resources came from the private sector. At the regional level, the founding of the Inter-American, Asian and African development banks were evidence of an effort whose importance could not be overlooked. The Inter-American Development Bank in particular had managed, with the help of many countries outside Latin America, not only to grant loans for industry, agriculture and transport but also to participate in the execution of programmes for the development of the region; the establishment within the Bank of a special fund for investments in the social sector enabled it to finance education, public health, housing and land reform, although it was very far from meeting all the requirements.

11. In view of those considerations, the developing countries' advocacy of a United Nations capital development fund was fully justified: not only were their needs not fully covered by the existing financial agencies, but, in addition, those agencies obtained their resources from the private capital market and therefore had to impose terms laid down by the private sector. It was the duty of the United Nations, which was in fact the international community, to provide financing for such essential projects as the development of primary education, for example, from funds collected at the international level through international solidarity and not provided by a few groups only. It was perhaps a negative definition to say that the capital development fund should meet needs which were not covered by the other financial agencies but that definition had a very positive significance for the countries which, because they could not provide the guarantees currently required, were unable to finance programmes in such essential sectors as education, public health, housing or land reform.

12. Of course, Chile did not deny that the leading role should be played by the developing countries,

^{1/} See *Annual Report, 1964-1965* (Washington, D.C.), p. 62. Transmitted to the Economic and Social Council by a note of the Secretary-General (E/4141).

whose efforts were the motive power of their own progress. Those efforts could not succeed, however, without the essential addition of external aid. It was true that arrangements other than the establishment of a United Nations capital development fund were possible for financing projects throughout the world which, even if they were not immediately profitable, were socially essential. The Chilean delegation thought, however, that the best solution would be to set up an organ which would operate in a manner consistent with the United Nations spirit of solidarity.

13. With regard to the accelerated flow of capital and technical assistance, his delegation reserved the right to return later to the various draft resolutions before the Committee and emphasized the growing seriousness for the developing countries of the problem of external debt servicing. Those countries had been able, thanks to the goodwill of their creditors, sporadically to find temporary solutions. However, no international institution had yet tackled systematically the refinancing of external debts. It was the duty of the United Nations to find machinery for solving a problem which was very seriously affecting the developing countries' balance of payments.

14. Inflation was a matter of constant concern in Chile, which had succeeded, after a difficult struggle, in reducing its inflation rate from 85 to 42 per cent and then to 25 per cent and was trying to bring the rate down to 18 per cent. Inflation was not an accidental phenomenon: it was generally due to the structure of the economy, of foreign trade or of the external debt. It could therefore be checked only by a thorough reform of the faulty structures.

15. Mr. SADI (Jordan) supported draft resolution A/C.2/L.898. He had two suggestions for clarifying the text but would not press them. In the third preambular paragraph, the last phrase, starting with the words "on present form", should be replaced by the phrase "on the present rate, the rapid increase in the debt servicing burden of developing countries would offset completely the inflow of assistance and long-term capital in a little more than fifteen years", and the words "limit or" should be deleted from the penultimate line of operative paragraph 2.

16. Mr. ABERKANE (Algeria) emphasized that the flow of capital and technical assistance to the developing countries was a matter of urgent concern. The international community had been dealing with the matter since the fifth session of the General Assembly and, now that the end of the United Nations Development Decade was almost in sight, discussions were still being held on the decline in the pace of economic development in the world and on the need to do more. Since 1950, however, the problem had changed considerably: the crisis in international co-operation was scandalous and might become a tragedy when the Development Decade was found to be a failure. The aim of the Decade had been to pull the countries comprising two thirds of mankind out of the abyss of poverty, by enabling them to achieve a steady rate of annual growth of 5 per cent and to earmark 15 to 20 per cent of their gross national product for domestic savings, while persuading the developed countries to contribute 1 per cent of their national income, as decided by the United Nations Conference on Trade and

Development (UNCTAD), to the economic growth of the developing countries.

17. The developing countries, for their part, had made a remarkable effort and had managed to boost their domestic savings by almost 6 per cent a year, so that savings in 1964 had amounted to almost 14 per cent of their gross national product. Although the target of 15 to 20 per cent had not been reached, the stagnation of investments was due, as stated in the World Economic Survey, 1965,^{2/} not to the lag in domestic saving but to the slackening in the inflow of capital from abroad. Algeria, for example, had tripled its domestic investment resources in less than three years and was trying to do still better through a policy of austerity and encouragement of private savings. In 1966, as a result of those efforts, gross domestic savings had amounted to 15 per cent and gross investment to 16 per cent of the gross national product, of which 11 per cent was for the public and 5 per cent for the private sector. Yet, although the developing countries were making great sacrifices, they could do still more both at home and abroad to increase the flow of external resources, which would still be an essential supplement for some time to come.

18. Admittedly, the more fortunate countries—both those with market economies and those with centrally planned economies—and even some developing countries were making efforts to provide bilateral and multilateral assistance but those efforts were inadequate, misdirected and sometimes reluctant. The limitation of international aid could not be attributed to a lack of funds, since the gross national product of the developed countries had risen at an average rate of 7 to 8 per cent a year, whereas the total capital outflow had dropped from 0.84 per cent of the gross national product in 1961 to 0.65 per cent in 1964. Very few countries had reached the target of 1 per cent set by UNCTAD and they were to be commended for having bravely taken up the challenge of under-development. The gap of under-development was widening daily: while the affluent societies were stricken with the fever of consumption at any price, which ended in waste, the poor countries, which were not importers and no longer net exporters of cereals were stubbornly and sorrowfully facing the spectre of famine. Their terms of trade were deteriorating year by year in an atmosphere of indifference and apathy. Cocoa was an example: in 1965 the world price had dropped 50 per cent in six months, with no reaction from the international community.

19. The disease was known: it was the will to fight it that was lacking. The domestic saving rates of the developing countries had risen since the beginning of the United Nations Development Decade but external savings had declined and investments had increased by only 4 per cent from 1961 to 1965, compared with 5 per cent in the 1950's. The flow of official capital, which was essential if there was to be any continuity in international assistance, never rose beyond about \$5,700 million; flows of private capital fluctuated and interest rates had become less favourable; loans were increasingly replacing grants-in-aid to the developed countries; multilateral aid accounted for

^{2/} United Nations publication, Sales No.: 66.II.C.1.

only 10 per cent of the total volume of assistance and had never exceeded \$500 million a year; lastly, the reverse flow of interest and dividends, which had to be deducted from the total volume of assistance, amounted to \$3,500 million, which reduced the net value of assistance to \$6,000 million.

20. The target of 1 per cent was not a ceiling but a bench-mark which some countries could reach more easily than others, depending on their degree of development and industrialization and on their resources. Some had gone even further and others might do so too before the end of the Decade. What mattered was the political will to attain that target.

21. His delegation was one of the sponsors of the draft resolution on the flow of external resources to developing countries (A/C.2/L.905), which reaffirmed Economic and Social Council resolution 1183 (XLI), reproduced that resolution in full in order to stress its importance and would have the General Assembly endorse the measures proposed. The sponsors, who had been joined by Chile, the United Republic of Tanzania and Venezuela—themselves sponsors of Council resolution 1183 (XLI)—hoped that the Committee would unanimously adopt the draft resolution in its existing form.

22. Mr. BRADLEY (Argentina) observed that, for the consideration of agenda item 38, the Committee had before it the clear and precise report of the Committee on a United Nations Capital Development Fund (A/6418). That Committee's fifth session, held in September 1966, had not yielded very encouraging results. The divergencies of views between different groups of countries on many aspects of the question had become more evident during the session. The countries which would be called upon to make contributions to the fund had not modified their position. However, the developing countries were unanimous in considering that, despite those profound differences, it was necessary to implement General Assembly resolution 1521 (XV), by which the Assembly had already decided in principle that a United Nations capital development fund should be created. They had therefore submitted a draft amendment to the statute (*ibid.*, para. 14) which would adapt its text to current circumstances and the new organizations that had been established since then. It was essential to adopt a clear statute which would give the fund the machinery it needed to fulfil its function. The statute in question would shortly be circulated in the form of a draft resolution.^{3/} In his opinion, the Committee on a United Nations Capital Development Fund had performed its task at its fifth session; it was now a matter of deciding whether that Committee should be given new tasks or be terminated.

23. Inflation and the acceleration of capital flows were two interdependent problems: so long as there was uncontrolled inflation in the developing countries, it would be difficult to accelerate the flow of capital to those countries. There were, of course, external influences, but the essential responsibility for inflation and for measures to check it lay primarily with the countries which suffered from it. Argentina, which had been experiencing the adverse effects of inflation

for twenty years, was now endeavouring to remove the cause by an appropriate policy. The General Assembly should do its utmost to study the causes of inflation, which was increasingly hampering the developing countries' efforts, and to determine the proper remedies to ensure reasonable security for foreign capital and halt the flight of national capital.

24. Economic and Social Council resolution 1183 (XLI) constituted a positive effort in that regard. It was reaffirmed in draft resolution A/C.2/L.905, and the Argentine delegation hoped that the latter text would be adopted unanimously.

25. Mr. NEDIVI (Israel) felt that it served no useful purpose to ponder the subjective causes of the present shortage of development capital. Neither Economic and Social Council resolution 1183 (XLI), nor the drafts under consideration, could remedy that situation in the near future, and it was doubtful whether the studies which those texts recommended could induce donor countries to increase their contributions. In those circumstances, it was essential to adopt a firmly practical attitude and to overlook no means of reversing the present capital-flow trend. The argument that no acceleration of the present flow of resources to the developing countries could reasonably be expected applied also to voluntary contributions to a United Nations capital development fund.

26. However, the United Nations might undertake investment activities proper within the framework of UNDP, and his delegation thought that General Assembly resolution 1936 (XVIII) and recommendation A.IV.8 of UNCTAD^{4/} concerning the gradual transformation of the Special Fund into a capital development fund in such a way as to include both pre-investment and investment activities remained valid. In its reply to the Secretary-General's note verbale of 9 March 1966 concerning operative paragraph 4 of General Assembly resolution 2042 (XX), the Israel Government had said that UNDP should have additional resources of approximately \$225 million in order to undertake investment activities. Those resources should be devoted exclusively to demonstration and pilot projects as well as to the promotion of light industry, including the building of factories. Investment in a given project should in no case exceed \$1 million.

27. A limited investment programme within the framework of UNDP would make it possible to stimulate economic activity in regions where the situation was critical and to direct available capital to the countries which needed it most. United Nations investment activities were not intended to replace those of the international financial institutions but to complement them. The United Nations might entrust to international lending institutions a number of the pre-investment activities which it was carrying on at present, in particular those relating to large-scale projects in the fields of infra-structure and development of natural resources. The United Nations Development Programme could then devote an increasing proportion of its resources to less im-

^{3/} Subsequently circulated as document A/C.2/L.910 and Add.1.

^{4/} See *Proceedings of the United Nations Conference on Trade and Development*, vol. I: *Final Act and Report* (United Nations publication, Sales No.: 64.II.B.11).

portant projects or to industrial projects likely to attract private and public capital. According to the Administrator of UNDP, the limited resources available to UNDP did not allow it to extend its activities to investment proper.^{5/} In that connexion, it was essential to determine: (a) whether all pre-investment activities should, whatever the circumstances, be given priority over investment activities, even in the case of countries or regions which needed immediate investment to complement an already existing infra-structure; (b) whether UNDP pre-investment activities did not sometimes duplicate those of the lending institutions; and (c) whether there was not a limit to the number of requests for assistance that UNDP or any existing lending institution could effectively study, which would suggest the need for some division of the work.

28. The Israel delegation hoped that the review of the activities of the United Nations and its family of organizations would make it possible to reply to those questions clearly. In the meantime, any resolution or decision concerning a United Nations capital development fund should at least retain the idea of a gradual transformation of the Special Fund into a capital development fund.

29. Mr. RAHNEMA (Iran) said that although draft resolution A/C.2/L.898 repeated a number of the provisions of Economic and Social Council resolution 1184 (XLI), that did not diminish its great importance since it sought to give the Council's recommendations all the weight of the General Assembly's authority. The developing countries were fully aware of their responsibilities and they had made efforts which the Secretary-General had described as "heroic" to mobilize their own resources. For those efforts to bear fruit, they must be supported by adequate international assistance.

30. The volume of financial assistance depended both on the possibilities of the capital-exporting countries and on the absorption capacity of recipient

countries. Although the possibilities of the advanced countries were sometimes greater than the absorption capacity of the developing countries, the flow of public capital to the latter was none the less clearly inadequate. The example of France, which devoted 1.85 per cent of its national income to foreign assistance, proved that increasing the flow of capital to the developing countries did not hamper the efforts of the donor countries to develop their own economies. In that connexion, the objective of 1 per cent set by UNCTAD had originally been, not a ceiling or an end in itself, but a minimum objective. The failure to obtain that objective was especially serious as the net flow of official assistance was tending to diminish.

31. The merit of draft resolutions A/C.2/L.898 and A/C.2/L.905 was precisely the fact that they stressed the importance of the net flow of capital. The Administrator of UNDP has rightly pointed out that it served no purpose to stress the need to attain arbitrarily defined minimum objectives and that it was necessary to ensure a genuine flow of capital capable of effectively supporting the efforts of the developing countries. In that connexion, the Organization for Economic Co-operation and Development had shown that with a broader definition of external debts—to include trade deficits and other similar debts—the debt-servicing obligations of the developing countries would amount to at least \$4,000 million a year. The net flow of official assistance had therefore been less than \$6,000 million in 1965, a figure which the Administrator of UNDP considered clearly inadequate in view of the objective of \$14,000 million set for 1970.

32. By stressing the gravity of that problem, the sponsors of the two draft resolutions had tried to show that every possible effort must be made to increase existing sources of financing and to create new ones. The Iranian delegation would submit a draft resolution when the agenda item concerning the conversion to peaceful needs of the resources related by disarmament was taken up.

The meeting rose at 12.40 p.m.

^{5/} See document DP/L.19.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1075th
MEETING

Friday, 25 November 1966,
at 10.50 a.m.

NEW YORK

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AGENDA ITEMS 38, 40 AND 42

Establishment of a United Nations capital development fund: report of the Committee on a United Nations Capital Development Fund (continued) (A/6303/Add.1, chap. II; A/6418, A/6459)

Accelerated flow of capital and technical assistance to the developing countries: report of the Secretary-General (continued) (A/6303, chap. V, sect. I; A/6461, E/4170 and Add.1 and 2 and Add.2/Corr.1, E/4171 and Corr.1, E/4189 and Corr.1 and 2, E/4240, A/C.2/L.898, A/C.2/L.902, A/C.2/L.905 and Add.1)

Inflation and economic development: report of the Secretary-General (continued) (A/6303, chap. III, sect. I and chap. XVI, sect. VIII; A/6424, E/4152 and Corr.1)

1. Mr. BOIKO (Ukrainian Soviet Socialist Republic) recalled that, at its forty-first session, the Economic and Social Council had devoted considerable attention to the problems created by the external financing of the development of the Third World. In considering and formulating international measures designed to intensify the flow of capital to the developing countries, one factor as important as the increasing drain of capital from those countries had not yet been taken sufficiently into account.

2. In its resolution 1938 (XVIII), the General Assembly had requested the Council to keep under systematic review the inflow of international assistance and development capital to the developing countries, as well as the outflow of capital from those countries. The Secretariat, for its part, had been requested to review, with the assistance of a group of experts, the methodological problems involved in measuring the flow of capital to and from the developing countries. In the report it had submitted (E/4171 and Corr.1), the group of experts, whose membership had not reflected the differences of opinion on the subject

existing within the General Assembly, had not dealt with the methodological questions connected with the evaluation of capital outflows and had therefore not carried out its mandate. Yet capital outflows were a fact as undeniable as their harmful effect on the economies of the developing countries.

3. Although it had been recognized in the World Economic Survey, 1965,^{1/} that capital outflows were slowing down the economic growth rate of the developing countries, when studying those countries' requirements in respect of external aid, the terms of the loans they received and foreign private investment, the Secretariat often adopted the approach of the advanced capitalist countries. That could be seen from its attitude towards "tied aid", the repayment of loans with goods produced at the plants which the loans had helped to establish, propaganda in favour of creating a climate favourable to foreign private investment in the developing countries, etc. The situation was the same with regard to the respective areas of application of foreign private and public investment in the developing countries. It was recommended that public capital should be invested preferably in infra-structure and there was a trend to make infra-structure the main field of activity of United Nations programmes of technical assistance. Tax exemptions for foreign private investors, facilities for exporting profits and even more favourable terms than those offered to national investors were being advocated.

4. Such kotowing to foreign private capital sometimes extended to the evaluation of the role played in external aid by countries with different economic and social régimes. The same yardstick could not be used to measure the efforts made by the socialist countries and those of the imperialist Powers. The economic backwardness of the developing countries was due to the shameless exploitation of their natural resources by the colonizing countries, and all the attempts made to whitewash the latter by ascribing part of the blame on the socialist countries were inconsistent propaganda. The loans granted by the socialist countries could not be equated with investments of foreign private capital based solely on the profit motive. The socialist States were not trying to take over the enterprises whose construction they financed; they asked for no share in the profits, and the loans they granted bore interest at the rate of 2.5 to 3 per cent a year, whereas the profits of foreign investors ranged from 15 to 20 per cent a year. Foreign private investments were economically justified only when the recipient countries were not in a position effectively to control the conditions of ex-

^{1/} United Nations publication, Sales No.: 66.II.C.1.

plotation of their natural resources and the use of the resulting profits.

5. He was surprised that, in introducing draft resolution A/C.2/L.905 at the last meeting, the representative of Algeria had accused all the industrial countries, described by that representative as "more fortunate", of not providing sufficient aid to the developing countries. In the case of Algeria, such reproaches might well be addressed to France but certainly not to the Ukrainian SSR, which was participating directly in the construction of 149 enterprises in the developing countries. With the active assistance of the Ukraine, the USSR was currently providing economic and technical assistance to twenty-six countries in Asia, Africa and Latin America. Given the basic differences in the terms, objectives and motives of the aid provided by the socialist countries and of foreign private investments, the Ukrainian delegation could not endorse the proposal aimed at ensuring that all the developed countries devoted the same percentage of their national income to financial assistance for the developing countries.

6. The colossal profits reaped by foreign capitalists from their investments and their exports represented considerable losses for the third world. When they tried to remedy that situation, the developing countries generally experienced a decline in the flow of private capital in their direction. They were thus faced with a difficult problem whose solution depended upon local conditions and required the exchange and compilation of experiences. That was why the Ukrainian delegation supported draft resolution A/C.2/L.898. It also hoped that the group of experts established in pursuance of General Assembly resolution 1938 (XVIII) and Economic and Social Council resolution 1184 (XLI) would take the observations which it had just made into account in preparing its report for the forty-third session of the Council.

7. Mr. ABERKANE (Algeria), speaking in exercise of his right of reply, thought that the representative of the Ukrainian SSR had misunderstood the statement by his delegation, which had in no way intended to play the role of accuser as it had been charged by that representative.

8. Algeria enjoyed excellent relations with the socialist countries and particularly with the Ukrainian SSR. The USSR had given Algeria substantial assistance and was currently participating in the construction of sixteen enterprises including one steel-mill. Soviet specialists had, in particular, helped Algeria immediately after its independence, in clearing the Algerian frontiers of mines. Algeria also benefited from the assistance of other socialist countries such as Bulgaria and Czechoslovakia. The point discussed the preceding day had been the need for the whole international community to take stock of its responsibilities in economic matters, which should not be confused with the guilt of certain countries.

9. All countries which were in a position to provide assistance had an urgent duty to do so—particularly, perhaps, those countries which during the colonial era had drawn on the wealth of the developing countries. In that connexion, the target of 1 per cent of

the national income was a benchmark and to talk of the duty of certain countries to exceed it and the right of others to do less was splitting hairs. France was one of the few countries to have exceeded that figure and it would be unfair to imply that Franco-Algerian relations were the outcome of the colonial arrangement. Algeria considered those relations to be a model and an example of collaboration between developed and developing countries. It was admittedly difficult to eliminate overnight all the remnants of the past and to rudely cut the umbilical cord which had long linked new States to the former metropolitan countries. Actually, Algeria had not hesitated to assume its responsibilities in that regard by nationalizing, on 8 May 1966, certain of the mining enterprises which had belonged to foreign companies ever since the colonial era. On the other hand, Franco-Algerian co-operation on hydrocarbons was an example which the whole international community could well follow.

10. Mr. WONG (China) said that, although the symptoms of inflation were the same everywhere, the causes, and hence the cures, varied from country to country according to the particular economic and financial circumstances. It was, therefore, difficult to make recommendations valid for all. Inflation was akin to an unfair and cruel tax, as it hit the wage-earner and the poor most severely. While it was true that each country should itself adopt policies, often involving sacrifices, to curb or prevent inflation, the developing countries, because of their lack of the necessary domestic resources, needed international assistance to do so, especially when inflation was caused by factors partly or wholly beyond their control, for example, by a bad crop or a big drop in the price of some commodity.

11. His delegation shared the concern regarding the flow of capital expressed by other delegations and by the Economic and Social Council in resolution 1183 (XLI). Not only must interest rates be lowered and repayment periods lengthened, but other economic conditions governing bilateral or multilateral external aid, aimed at obliging the recipient countries to adopt self-help measures and achieve adequate results, must be eased. As most developing countries had only a limited amount of local currency available for financing important projects, foreign aid should cover not only the foreign currency component of the project, but also at least a part of the local currency component, either by providing non-project commodity financing, or, better, by putting at the disposal of the recipient country foreign exchange to enable it to pay for the imports its economy needed.

12. The limitations which some lenders imposed on State-owned enterprises other than power and transport utilities should also be relaxed. Many Governments, including his own, preferred private ownership; but there were many sound projects in the developing countries which the private sector was unwilling to sponsor, and it would be a mistake in such cases deliberately to create a pseudo-private ownership just in order to obtain a loan.

13. Finally, a third source of misunderstanding between lender or donor, on the one hand, and the recipient, on the other, was to be seen in the condition

imposed on developing countries that they should increase domestic savings and restrict consumption. The developing countries were obliged to aim simultaneously at economic growth and an immediate improvement in the living conditions of the population. They could not be asked to impose a greater tax burden or enforce domestic savings as a condition to become eligible for external assistance.

14. Unless there was some assurance of forthcoming resources to enable the United Nations capital development fund to operate, no useful purpose could be served by debating its establishment or even by transforming the United Nations Development Programme (UNDP). It would be preferable to undertake further studies, in particular on how existing channels of external assistance could be extended to cover areas as yet uncovered and also how various other restrictions limited their effectiveness.

15. Mr. KARMARKAR (India) recalled that the Council, at its forty-first session, had accorded considerable importance to the accelerated flow of capital, as was indicated by Economic and Social resolution 1183 (XLI). That resolution dealt exhaustively with all aspects of the flow of external resources to developing countries; he hoped that all concerned would implement its provisions with the urgency they deserved. Many documents and statements in recent years had reflected concern over the continuing unfavourable trend of the flow of development assistance, with regard to both its volume and the terms on which it was provided. All the available data served to establish conclusively that, while the developing countries continued to intensify their efforts to mobilize their domestic resources, the performance of the developed countries in providing support for those efforts remained deplorably insufficient. The annual report by the Secretary-General entitled International Flow of Long-term Capital and Official Donations, 1961-1965, and the addenda to that report (E/4170 and Add.1 and 2 and Add.2/Corr.1) presented a picture that appeared even more gloomy in the context of the conclusions drawn by IBRD, namely, that there had been an increase in the absorptive capacity of the developing countries. The Indian delegation, therefore, hoped that the developed countries would try to implement speedily operative paragraph 3 (a) of Council resolution 1183 (XLI) which urged them to reach and, if possible, to surpass by 1970 the objective of 1 per cent set for the United Nations Development Decade.

16. It also hoped that serious attention would be given to the provisions of the same resolution concerning the terms and conditions on which assistance was provided. United Nations documents and the reports of IBRD emphasized the alarming increase in the debt servicing burden of the developing countries: the total service payments, for interest and amortization, on public and publicly guaranteed debt of ninety-seven developing countries had risen from \$2,400 million in 1964 to \$3,500 million in 1965; moreover, the ratio of debt service payments to total export earnings of the developing countries had risen from 4 per cent in 1955 to 9 per cent at the beginning of the current decade and to 11 per cent in 1963. According to a recent statement by the President of IBRD, it

was essential, if a disaster of incalculable proportions was to be avoided, to ease the terms of aid: at the present rate, the debt servicing burden of the developing countries was likely to offset the inflow of capital completely in a little more than fifteen years. In his delegation's opinion it was necessary, therefore, not only to ease the conditions on which future loans were made available, but to give urgent consideration to the possibility of re-scheduling existing debts in accordance with UNCTAD recommendation A.IV.5.^{2/}

17. The resolution 1183 (XLI) of the Council also dealt with the necessity of untying aid. Experience showed that the effect of tied aid was to distort the import patterns of the recipient countries and to distort their planning in favour of capital-intensive projects with a high import content. In recent years, the proportion of non-project aid granted to some countries such as India had increased slightly, and it was desirable that that trend should continue, as it would allow countries which had reached a certain stage of economic development to utilize their industrial capacity more fully by importing more components and spare parts. Aid tied to purchases in the creditor countries could, moreover, lead to recipient countries paying higher prices than those prevailing in the world markets and to delay the execution of projects; it was therefore desirable that all the aid-giving countries should strive to extend the scope of assistance by removing procurement restrictions to the maximum extent.

18. Finally, it was essential for the successful implementation of development plans that aid for them should be provided on the basis of long-term commitments, since short-term commitments rendered assistance sensitive to considerations of a non-economic character.

19. India had recently reiterated its support for a United Nations capital development fund, both in the Committee and at the Council's forty-first session. United Nations activities had always been limited to pre-investment, and investment capital could only be obtained through the IBRD and its associates. There was a need for a multilateral institution not only so as to increase the flow of capital resources to the developing countries, but also to ensure that the distribution of those resources was under truly international supervision. The existing multilateral financial institutions did not possess such a universal character as the United Nations and were very much under the influence of a few donor countries. The establishment of an institution in which the recipient countries enjoyed adequate representation would have no deleterious effect on the utilization of resources and would allow a more equitable provision of the latter on terms favourable to the developing countries. In the name of international co-operation, the Indian delegation therefore appealed to the developed countries still opposed to the establishment of the fund to reconsider their attitude.

20. The Secretary-General's report on inflation and economic development (E/4152 and Corr.1), while stressing in the introduction that summarization in a

^{2/} See Proceedings of the United Nations Conference on Trade and Development, vol. 1: Final Act and Report (United Nations publication, Sales No.: 64.II.B.11).

literal or statistical sense of the experience reported from different countries was inherently difficult and of doubtful value, nevertheless contained just such a tentative statistical analysis which might be misleading. In table 1, for example, India was classified as a country where the cost of living had risen from 5 to 10 per cent between 1957 and 1964, whereas up to 1963, the annual rate of increase had not exceeded 5 per cent. India should therefore have been classified among the countries with moderate to low rate of inflation. It had not been until 1964 that prices had begun to rise as a result of increased defence expenditure, poor harvests and an unprecedented drought in 1965-1966. Moreover, while paragraph 40 of the report correctly stated that India's deficit had increased sharply in 1963 and 1964, it did not sufficiently emphasize the substantial effort made over the same period to increase tax revenue.

21. Generally speaking, the report did not seem to have come to any definite conclusion, and, in particular, had not dealt with the question whether inflation could be averted in the process of economic growth. India naturally recognized that developing countries should take steps to curb inflation and, to that end, had already reduced expenditure and devalued the rupee to maintain its external viability, despite inflationary pressures. As part of its long-term policy, the Indian Government was striving to avoid deficit financing, curtail public expenditure and to pursue a monetary policy which encouraged a rapid growth of savings and restricted credit for non-essential enterprises. It had taken steps to ensure the equitable distribution of cereals and other essential commodities, had instituted rationing in the large cities and had established co-operative stores.

22. In order for developing countries to achieve a satisfactory growth rate while avoiding inflation, it was essential to improve their economic environment. In particular, the developed countries and international organizations should liberalize their trade policies, increase the volume of aid by offering easier terms and take steps to increase international liquidity and reserve a fair share for the developing countries.

23. Mr. PESHKOV (Byelorussian Soviet Socialist Republic), referring to agenda item 40, stressed that the need to accelerate the flow of capital and assistance to the developing countries did not result from temporary conditions. Those countries could not finance their economic development without foreign help because of the impact of colonialism on international economic relations and the international division of labour created by the colonialist system, which hampered the rationalization of international trade.

24. The financial situation of the developing countries was the result of the excessive profits earned by foreign private capital investments. The World Economic Survey, 1965, indicated that the net capital outflow from developing countries had doubled between 1950 and 1965 and that in 1964 it was over 50 per cent of the net inflow of capital. That meant that the dividends from foreign investments had increased.

25. When his Government provided technical assistance it did so from resources which were produced by the labour of its people. In contrast, aid given by capitalist countries, which had become rich during the colonial era and were responsible for the present situation of the developing countries, represented only a small part of the profits earned by those investments.

26. The flight of capital from the developing countries and the slackened pace of their economic development were due to the fact that the provisions of General Assembly resolution 1710 (XVI) concerning the granting to developing countries of an equitable share of earnings from the exploitation of their natural resources were not being properly implemented. The large profits which private investors had reaped by exploiting the population and natural resources of the developing countries had repaid them several times over for the capital invested. Foreign private capital was the cornerstone of neo-colonialism. It was invested in sectors yielding large profits, even at the risk of one-sided development. As an example, he referred to a statement made in January 1965 by the President of the Chrysler Corporation to the effect that, from 1956 to 1963, private American investment abroad had risen from 33,000 to 66,000 million dollars and had come from the profits previously earned on foreign investments. From 1959 to 1963, investment profits had amounted to 93 per cent of the total investments over the same period. In addition, subsidiaries which American companies had established abroad were creating an expanded market for American products. In 1963, those subsidiaries had bought American products worth 5,000 million dollars. Profits earned abroad by the Chrysler Corporation between 1954 and 1963 had exceeded its total foreign purchases and investments by 1,000 million dollars.

27. Moreover, the machinery of international aid worked in favour of foreign private capital. A recent article in The Times of India indicated that a considerable proportion of the aid supplied by the United Kingdom had no effect on its balance of payments since the United Kingdom, as a major exporter, benefited from the aid given to the developing countries by other countries because it helped them to increase their imports from the United Kingdom.

28. In studying the various aspects of the flow of capital to developing countries, our attention should therefore be given to the flow in the opposite direction which deprived those countries of capital which, according to some economists, they might utilize more advantageously than the new foreign capital investments. The socialist countries had often noted the increasing burden imposed on the developing countries by the export of profits and the servicing of their external debt. As early as 1961, an American economist had forecast the servicing of that debt would offset the inflow of capital by 1970. In January 1966, the President of IBRD had made the same observation.

29. The flow of private capital to the developing countries therefore had effects which differed considerably from the objectives of financial and technical assistance as defined in UNCTAD recommendation A.IV.3. That observation was confirmed by the Secretary-General's note on financing of economic

development^{3/} and the Under-Secretary for Economic and Social Affairs had recognized in his opening statement (1023rd meeting) that the roots of the present crisis lay perhaps in certain characteristics of public and private attitudes and the decision-making process which remained outside the field of United Nations inquiry, and that it might perhaps be necessary to embark on a more extensive investigation to discover what must be changed, improved or eliminated in the procedures and practices of international aid.

30. The report of the group of experts on the measurement of the flow of resources from the developed market economies to the developing countries (E/4171 and Corr.1) did not give a complete picture of the situation because, despite the recommendations in General Assembly resolution 1938 (XVIII), it did not deal with the movement of capital in the opposite direction. Generally speaking, the available documentation did not adequately analyse the causes of capital outflow from developing countries or the measures which had to be taken to curb it. The group of experts appointed under General Assembly resolution 1938 (XVIII) might wish to comment on an analysis of the reverse flow of capital, which the Secretary-General had been requested to make in Economic and Social Council resolution 1184 (XLI), and submit its comments to the General Assembly, which was to examine the question in depth during its twenty-second session.

31. For those reasons, his delegation had co-sponsored draft resolution A/C.2/L.898, under which the General Assembly would request the Secretary-General to make recommendations on measures to be taken in order to limit the outflow of capital from the developing to the developed countries.

32. Mr. AKSIN (Turkey) said that the developing countries were aware of the need to increase investments in order to achieve a more rapid rate of growth and so to bridge the widening gap, recognized by all, between rich and poor countries in the second half of the United Nations Development Decade. But as the Secretary-General indicated in his report on inflation and economic development, it was difficult for those countries to increase their investments in any substantial degree without the risk of inflation. That was one of the dilemmas of our time. Obligated to devote an increasing proportion of their gross national product to economically productive investments, the developing countries, where private savings were limited and the supply of foreign capital often inadequate, had to increase public investments without being able, for administrative, economic and political reasons, to raise taxes. The result was budgetary deficits, a source of inflation. The developing countries would therefore always be prone to inflation, and to exhort them to maintain price stability and to pursue sound monetary and tax policies was tantamount to asking them to do the impossible and forfeit their economic development. But inflation itself in the long run curtailed economic growth and accentuated social imbalances.

33. Having experienced a period of inflation from 1954 to 1958, due mainly to increased public expenditure, Turkey had faced great balance of payments difficulties, a disruption of production, distortions in the price structure, and a slowing down of the growth rate. It had taken a stabilization programme, devaluation and two years of painful adjustment before the Turkish economy had resumed its healthy growth with price stability.

34. The way out of the vicious circle, where effort to accelerate growth created inflationary pressures which were detrimental to further growth, was for developed nations to make up the differences between the actual and the desirable volume of investments and adopt the measures recommended by UNCTAD to enable the developing countries to increase their capacity to import, for the scarcity of imported goods often drove prices up and set off an inflationary spiral.

35. But the developing countries themselves could also help to ward off inflation by implementing a national plan for the development of their resources, creating a climate favourable to investment, cutting down on consumption of luxury goods and instituting the necessary structural reforms.

36. The report of the Secretary-General on inflation and economic development would provide Governments with useful information on the experience of various countries, on the causes of inflation and its effects on development and how to counteract them. The report also stressed that the developed countries had a duty to assist developing countries to achieve a satisfactory rate of growth without inflation.

37. It was regrettable that the flow of capital and technical assistance to the developing countries had not attained the target of 1 per cent of the national income of developed countries. Worse still, according to the supplementary report by the Secretary-General on the international flow of long-term capital and official donations, 1961-1965 (E/4170/Add.2 and Add.2/Corr.1), there had been a perceptible tightening of the terms of such assistance between 1964 and 1965. The effect was to raise the weighted average interest rate from 3 to 3.6 per cent, to shorten the weighted average tenure from twenty-eight to twenty-two years, and to reduce the "grace period" from seven to less than five years. Economic and Social Council resolution 1183 (XLI) was therefore timely. His delegation welcomed it, and would also support draft resolution A/C.2/L.905 reaffirming that resolution.

38. Turkey had been one of the sponsors of UNCTAD recommendation A.IV.12 on the promotion of private foreign investment in developing countries, and of General Assembly resolution 2087 (XX) on the financing of economic development. With favourable conditions, developing countries could benefit from the capital, technical know-how and managerial skill of those foreign investors who were ready to respect the sovereignty and laws of the host country.

39. Another serious problem confronting the developing countries was the growing burden of debt servicing at a time when the flow of assistance remained static and there was a disquieting prospect that the outflow of capital would exceed the inflow. His delegation,

^{3/} Official Records of the Economic and Social Council, Forty-first Session, Annexes, agenda item 8, document E/4224 and Add.1.

representing a country which had at one time seen over one-third of its export earnings pre-empted by debt servicing, expressed its full support for the ideas contained in draft resolution A/C.2/L.898.

40. Turkey had supported UNCTAD recommendation A.IV.7 and General Assembly resolution 2042 (XX) concerning the United Nations capital development fund because of its dissatisfaction with the present scale of capital assistance to developing countries. By setting up the fund, the international community would be provided with an organ which could contribute to economic growth, particularly in the vital field of industrialization. Without replacing the other international bodies responsible for multilateral assistance, whose usefulness, flexibility and initiative had been demonstrated, the United Nations capital development fund, with its different structure and administration, would broaden the choice offered to developing countries seeking the most suitable type of loan for their particular requirements. Initially the fund could be established with modest resources which would grow as its operations expanded. Needless to say, however, the fund should constitute a net increase in the total resources available to developing countries, and not be financed at the expense of existing institutions. Since the developed countries would provide the bulk of those resources and their volume would necessarily determine the effectiveness of the institution, members of the Committee should display a spirit of compromise so that the draft resolution might be adopted unanimously.

41. His delegation could also support the gradual transformation of the Special Fund element of UNDP and the extension of its activities to the field of investment proper. Recommendation A.IV.8 of UNCTAD had in any case suggested that the Special Fund criteria should be broadened so as to include increased financing of demonstration projects, which would serve as a bridge between pre-investment and investment activities. But UNDP should not engage in one at the expense of the other. Such a transformation presupposed an increase in the contributions of Member countries.

42. Mr. CASTAÑEDA (Spain) said it was very significant that all representatives who had spoken were in favour of the three draft resolutions. It had been international economic policy for twenty years now to encourage the development of the economically backward countries, but it must be recognized without one being deluded by the term United Nations Development Decade that two-thirds of the way through the

Decade the rich countries were continuing to advance, on which they could not but be congratulated, while the poor countries unfortunately remained poor and the huge gap between the two groups still existed. Industrialization called for the mobilization of considerable capital and the developing countries could not achieve that goal without assistance. Moreover, those countries were suffering a further deterioration in the real terms of trade of their primary commodities and agricultural products in exchange for the industrial products of the advanced countries, which further increased the difficulties they experienced in improving their situation out of their own resources. The flow of foreign capital must therefore be stimulated and inflation checked, for inflation destroyed the best fruits of development. Yet there were few countries that could resist inflation, and it had come to be recognized that moderate inflation facilitated development and its destructive effects were overlooked.

43. If it was not offset by an inflow of foreign capital, the considerable increase in the importation of the capital goods necessary for development, and sometimes of consumer goods to meet increased domestic demand, upset the balance of payments and easily led to dangerous inflation.

44. The measures envisaged in the draft resolutions were too modest. More effective, rapid and energetic measures were needed. Nevertheless, the Committee must not, by raising its sights, jeopardize less important but practical results. Spain, for instance, had developed considerably at great sacrifice, but it still had a long way to go. From that intermediate position, it associated itself with those advocating the most vigorous possible action in the interest of the developing countries.

45. Mr. SADI (Jordan) said that draft resolution A/C.2/L.905 was too long and too repetitious. It did not have to reproduce the whole of Economic and Social Council resolution 1183 (XLI). The fourth and fifth preambular paragraphs could easily be omitted; the eight and ninth paragraphs expressed two similar ideas and could be combined; the eleventh paragraph was irrelevant; the sixteenth and seventeenth paragraphs should be combined and the contradictions eliminated, and the eighteenth paragraph should be placed at the beginning of the draft. If those suggestions were adopted, his delegation would find it easier to vote for the draft resolution.

The meeting rose at 1 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1076th
MEETING

Friday, 25 November 1966,
at 4.45 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEMS 38, 40 AND 42

Establishment of a United Nations capital development fund: report of the Committee on a United Nations Capital Development Fund (continued) (A/6303/Add.1, chap. II; A/6418, A/6459)

Accelerated flow of capital and technical assistance to the developing countries: report of the Secretary-General (continued) (A/6303, chap. V, sect. I; A/6461, E/4170 and Add.1 and 2 and Add.2/Corr.1, E/4171 and Corr.1, E/4189 and Corr.1 and 2, E/4240, A/C.2/L.898 and Add.1, A/C.2/L.902, A/C.2/L.905 and Add.1)

Inflation and economic development: report of the Secretary-General (continued) (A/6303, chap. III, sect. I and chap. XVI, sect. VIII; A/6424, E/4152 and Corr.1)

1. Mr. MOSIN (Union of Soviet Socialist Republics) said that the Secretary-General's report on the relationship between inflation and economic development (E/4152 and Corr.1) contained some extremely useful information on the origin and control of inflationary pressures, with special reference to the developing countries. It should be borne in mind, however, that the report had been prepared in response to General Assembly resolution 1830 (XVII) and did not therefore take into account the remarkably rapid development of inflation in the previous two years or the fact that the more advanced countries were devoting a growing proportion of their resources to the militarization of their economies, which inevitably distorted the entire structure of the international economy. The major cause of those developments was the heightening of international tension as a result of the war in Viet-Nam. It was therefore regrettable that the remedial measures suggested in the report completely overlooked the fact that balanced development of the world economy could not be achieved without progress towards disarmament.

2. Little attention had been given in the report to the reasons for the difference in average economic performance between developed and developing countries. The truth was that the latter's efforts to improve their economic performance were being vitiated by factors beyond their control, such as the domination of markets by the developed countries and the increase in their debt-servicing burdens. The report had rightly concluded that imbalances of longer standing, generated by and in turn generating the inflationary spiralling of wages and prices, had seriously impaired economic growth in the developing countries; more often than not, however, the price rises reflected higher profits rather than higher wages: in other words, they were the result, not the cause, of inflation.

3. Improvement in economic performance depended on higher productivity through the application of modern technological and managerial skills to all sectors. Rising productivity implied the need for a steadily mounting level of remuneration for the high-quality labour input. The traditional remedy for inflation—the deceleration of economic growth by unilateral action—was inapplicable to the developing countries and it would be better to concentrate on expanding markets for their products and on the planned development of their economies. His delegation hoped that such approaches to the problem would be fully studied in the Secretariat's future work on inflation. It agreed that further studies of the subject could best be carried out within the framework of the World Economic Survey. The level of the Secretariat's analysis of the inflationary process left much to be desired, however, and it was to be hoped that in the future due weight would be given to a whole range of complex factors so far neglected; moreover, the necessary surveys should be based on current data, rather than on the inflationary process of the 1950's and early 1960's.

4. The current situation with regard to the financing of the developing countries' economic development led to two inescapable conclusions: firstly, that the very success of their own development efforts was responsible for the existing financing difficulties, and secondly, that those countries could not achieve economic independence as long as they had to operate within an obsolete international, economic and trade system in which the value of their exports and the terms of investment, for example, were determined by the capitalist countries. In such circumstances, it was not surprising that the outflow of capital from the developing countries had become so serious that the international financial institutions were calling for urgent action to check it.

5. The report of the group of experts (E/4171 and Corr.1) appointed to study the flow of capital and

technical assistance was unsatisfactory precisely because the group had virtually ignored the outflow phenomenon and had not emphasized its causes or its effects on capital formation. Moreover, since the report concentrated on the flow of resources from the market economies, it should have shown some awareness of the fact that, according to a recent estimate, as much as 83 per cent of all outside investment in the developing countries was contributed by private sources, whose profits could accordingly be assumed to represent a considerable portion of the \$4,000 million outflow of capital from those countries.

6. It was therefore regrettable that draft resolution A/C.2/L.898, while recognizing the magnitude of the loss of resources to developing countries, did not indicate that imperialist policies were largely responsible for denying them the economic basis for their political independence. If the studies which the Secretary-General was requested to undertake in Economic and Social Council resolution 1183 (XLI) — which the sponsors of draft resolution A/C.2/L.905 sought to have endorsed by the General Assembly — were to be meaningful, they would have to take account of such factors. The Secretariat should also refrain from the arbitrary definition of "rich" countries, so frequently used in documents on economic problems. The gap between the developed capitalist and the developing countries and that between the socialist and the developing countries were attributable to entirely different causes. On the one hand, there was exploitation of former colonial possessions; on the other, economic relations founded on equity and mutual advantage.

7. Mr. WILMOT (Ghana) said that in several international forums delegations had repeatedly focused attention on the declining flow of capital from developed to developing countries, on the problems of debt-servicing and on the difficulties of tied aid. Many recommendations had been adopted on those subjects. The present debate offered an opportunity of reviewing their implementation and of putting forward new suggestions.

8. Although the flow of resources from the developed market economies to the developing countries and multilateral agencies had increased by 15 per cent between 1964 and 1965, the gain had been entirely in the flow of private capital; the ratio of flows from public sources to gross domestic product continued to fall. Only two countries, Belgium and France, had provided resources in excess of the 1 per cent target. Most of the other developed countries were not even half way towards that goal. There had also been a perceptible tightening of transfer terms between 1964 and 1965. In particular, Austria, Denmark and Italy had hardened their terms of transfer in 1965. The net flow of capital to the developing countries had thus remained virtually static while the reverse flow had been rising steadily.

9. The situation was serious. His delegation welcomed Council resolution 1183 (XLI) which outlined the steps which should be taken by the developed countries to increase their financial assistance and urged the developing countries to mobilize more of their domestic resources. However, that resolution did not say much that was new and merely threw into

sharp relief the endemic weakness of the economic system which the international community had evolved for the transfer of resources to the developing countries.

10. No precise method had been worked out for limiting or decreasing the outflow of capital from the developing countries. The Council's resolution merely requested the Secretary-General to analyse the situation. The analysis should therefore be combined with recommendations on possible measures to limit the outflow and for that reason his delegation supported draft resolution A/C.2/L.898.

11. Various measures were also being proposed with a view to securing supplementary financial resources for the developing countries. For example, the United Nations Conference on Trade and Development had been trying to change the structure of international trade and several schemes of compensatory financing had been proposed.

12. All those measures were commendable and every effort should be made to implement them. But they had all been designed to supplement and not to displace external financing. The time had come for the General Assembly to examine the very foundations of the present international economic machinery for making resources available to the developing countries. As the *World Economic Survey*, 1965,^{1/} pointed out, transfers to the developing countries should be made less dependent on the balance of payments among the advanced countries and foreign aid must no longer be considered as charity. There was a general awareness that the world was interdependent both politically and economically and also that the gap between rich and poor countries must be closed. Of course, the rich countries had shown a remarkable degree of benevolence from which Ghana itself had benefited. While grateful for such aid, the developing countries would continue to experience grave difficulties in their economic development so long as such aid was viewed as charity. Just as systems of social security in individual countries were instituted to remedy inequalities in the distribution of income, so international economic machinery should be introduced to remedy inequalities among peoples.

13. The United Nations, other international organizations and Governments should therefore seriously consider the idea of an international fiscal system, an idea already discussed in academic circles and at the international level. It might be possible to establish, or at least lay the foundations for, such a system in the second United Nations Development Decade. Although some might regard the scheme as Utopian, an international fiscal system with its implied international aid agency, was the logical outcome of the circumstances and motives underlying international development financing. Whereas the present machinery, which relied on goodwill and charity, was merely a palliative, such a new system would yield a secure and predictable revenue on the basis of national legislation. Various methods of raising the new international tax, which must be progressive, elastic and easy to collect, had been suggested. One proposal was that Governments should

^{1/} United Nations publication, Sales No.: 66.II.C.1.

be assessed on total national income, based on a fixed minimum per capita income: although certain political difficulties might be involved, funds could be raised by such means, given sufficient political will.

14. Among other possible alternatives with fewer political implications were an indirect international tax, for example on airline tickets, payable directly to the international aid agency, and national supplementary sales or income taxes. Once the idea was accepted in principle, it should not be difficult to work out details for the new system and to establish criteria for granting aid.

15. The massive, co-ordinated and speedy assistance granted after the Second World War under the Marshall Plan clearly demonstrated that an international fiscal system was not beyond the capacity of the rich nations. The Administrator of the United Nations Development Programme had recently argued that the developing countries lacked even the basic infra-structure and technical skills necessary for similar massive assistance, but rather than diminishing the need for such scheme, that fact implied that the provision of technical assistance should be an integral part of the new system, so that the rich countries could supply both finance and skilled manpower.

16. Efforts to establish an international system to ensure a steady and predictable flow of capital to the developing countries would be given added impetus

by the establishment of a United Nations capital development fund.

17. New international machinery for the redistribution of world income would also benefit the rich countries, since the enlarged resources made available to the developing countries would result in greater demand for the developed countries' exports, more raw materials, and foodstuffs for their markets, and broader scope for private investment overseas. In addition, such new machinery would improve the world political climate.

18. Finally, he drew the Committee's attention to the fact that the International Bank for Reconstruction and Development had recently granted loans of \$30 million to Portugal and \$20 million to South Africa. It was a matter of serious concern to the Ghanaian Government that those loans had been granted at a time when the United Nations family was endeavouring to apply economic sanctions against the racist régimes of Portugal and South Africa and to bring pressure to bear on those countries which had not yet implemented certain United Nations resolutions. While it was true that the Bank was a commercial enterprise with its own statutes, the loans in question were inconsistent with its objective of enhancing the welfare of mankind and with its duty to assist the United Nations.

The meeting rose at 6 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1077th
MEETING

Saturday, 26 November 1966,
at 10.35 a.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEMS 38, 40 AND 42

Establishment of a United Nations capital development fund: report of the Committee on a United Nations Capital Development Fund (continued) (A/6303/Add.1, chap. II; A/6418, A/6459)

Accelerated flow of capital and technical assistance to the developing countries: report of the Secretary-General (continued) (A/6303, chap. V, sect. I; A/6461, E/4170 and Add.1 and 2 and Add.2/Corr.1, E/4171 and Corr.1, E/4189 and Corr.1 and 2, E/4240, A/C.2/L.898 and Add.1, A/C.2/902, A/C.2/L.905 and Add.1 and 2)

Inflation and economic development: report of the Secretary-General (continued) (A/6303, chap. III, sect. I and chap. XVI, sect. VIII; A/6424, E/4152 and Corr.1)

1. Mrs. KODIKARA (Philippines) noted that the flow of capital to the developing countries was not approaching the minimum target of 1 per cent of the national income of the economically advanced countries. Instead, the ratio of the net flow of capital to the gross domestic product had been steadily declining from 0.8 per cent in 1961 to about 0.6 per cent in 1963 and 1964, although the need for capital resources in the developing countries was constantly expanding. The developing countries were being urged to mobilize their domestic resources to the fullest possible extent, but domestic resources alone were not enough. With the existing pattern of their exports—usually primary commodities for which demand was not highly responsive to increases in income—most of the developing countries were unable to increase their earnings fast enough to finance the imports essential for their economic growth. If they resorted to the assistance of foreign capital, as they had to do, their external indebtedness increased rapidly, as did the burden of debt servicing which fell mainly on export proceeds. Furthermore, repayment periods had become shorter

and the proportion of official grants and aid had declined.

2. It was imperative, therefore, that more attention should be given to the terms on which development capital and technical assistance were made available to the developing countries. The flow of official assistance was still governed by considerations such as the traditional pattern of relationships between donor and recipient countries. The distribution of assistance was not such as to meet the requirements of countries at different stages of development. Sometimes, credits were granted more as part of sales policy than in consideration of the problems of the recipient country. Often, too, the developing countries were obliged in exchange to purchase consumer and capital goods at prices considerably higher than those prevailing on the world market. That reduced the actual value of the assistance received. Recipient countries were also compelled to use the shipping, insurance and banking services of the lending country for goods which they purchased with the credit or aid provided. Sometimes, credits were provided more readily for the purchase of consumer goods than of capital goods. The developing countries would, directly or indirectly, remain heavily dependent on foreign aid for some time to come; and, if the net flow of resources to the developing countries was to be increased, allowances would have to be made for the differences in price of those various factors, and relations between buyers and sellers would have to be improved.

3. Her delegation supported the efforts made by the United Nations Conference on Trade and Development (UNCTAD) in that field and also endorsed Economic and Social Council resolution 1184 (XLI) on the measurement of the flow of assistance and long-term capital. The provisions of that resolution, which were reaffirmed in the draft resolution on external financing of economic development (A/C.2/L.898 and Add.1 and 2), were designed to accelerate the flow of capital to the developing countries, and also to measure the reverse flow in terms of repayments of services, particularly those financed from foreign assistance.

4. Regarding the draft resolution on the flow of external resources to developing countries (A/C.2/L.905 and Add.1 and 2), which reaffirmed the provisions of Economic and Social Council resolution 1183 (XLI), her delegation hoped that the proposed advisory service would also provide information on direct and indirect investment opportunities, both public and private, the terms of credit and investment, the projects for which the various sources of aid were earmarked, and the proportion of assistance not earmarked for specific projects. It would also be helpful to study the demand for external resources, which varied from country to country. The advisory service

would thus constitute a sort of clearing house for information on the inflow and outflow of and the potential demand for capital. Her delegation was anxious to obtain information of that kind, which her Government could use in the preparation of its programme of foreign investment and in its search for foreign capital.

5. In view of the importance of the two draft resolutions, her delegation hoped that they would be adopted unanimously with certain minor amendments, particularly in draft resolution A/C.2/L.905, the preambular part of which quotes the whole of Council resolution 1183 (XLI) which seemed rather unusual to her delegation.

6. Mr. ROOSEVELT (United States of America) said he was satisfied with the reports on inflation and economic development (E/4053 and Add.1-4, E/4152 and Corr.1). He supported the conclusions set forth in paragraph 10 of document E/4152, particularly the first three recommendations which stressed that it was essential for the developing countries, in their efforts to achieve a satisfactory growth rate, to avoid inflation, to maintain a balance between expenditures and revenues and to adopt correct over-all fiscal, monetary and income policies. Though his delegation did not believe that any further detailed study of the matter was necessary at the present time, it was fully aware of the great dangers of inflation. President Johnson had, indeed, referred to the dangers of inflation in his message to Congress on 8 September 1966. The United States delegation also welcomed the Economic and Social Council's endorsement, at its 1440th meeting, of the Secretary-General's proposals contained in paragraph 10 of his note on documentation.^{1/}

7. With regard to the accelerated flow of capital and technical assistance, his Government had long demonstrated, in practical ways, its concern with the problems of debt servicing and the flight of capital. It had granted a number of sizeable loans in hard currency which were repayable in soft currency, and had developed a significant number of programmes to assist the developing countries in raising capital to cover the local costs of projects. The United States Congress had been unusually liberal in allowing periods of grace of up to ten years. That would enable new enterprises to become fully productive before embarking on repayment schedules of up to forty years. In addition to the conventional guarantees for private investments, the United States Government was now guaranteeing investors against all risk in the case of projects of high priority to developing nations. It was in the light of the experience thus gained in responding to one of the world's most urgent needs that the United States had determined its position on the item. Movements of international private capital were extremely complex and difficult to measure accurately. Their magnitude was influenced by numerous factors—such as flight of capital, dividend payments, repatriation of capital and debt servicing requirements—and they were highly sensitive to tangible and intangible actions, real and implied, which affected economic conditions

in the recipient country; ill-conceived action could have unfavourable consequences for those movements.

8. While his delegation would vote for draft resolution A/C.2/L.905 it would maintain its reservation on operative paragraph 3 (b) (vii) and (viii) of Council resolution 1183 (XLI), which concerned repayment in kind and reinvestment of the proceeds of repayment in the debtor countries. His delegation had abstained in the vote on that resolution in the Council.

9. His delegation thought that the Committee had gone as far as it could in the absence of a thorough analysis and evaluation of the nature and magnitude of capital flows from developing to developed countries. Only after considering the facts would it be in a position to consider proposals for specific measures; at the present stage it would be ill-advised to examine them even in a preliminary form. The Committee should at least have before it the report contemplated in Economic and Social Council resolution 1184 (XLI), which the Council would have to analyse thoroughly before the Committee could be in a position to take useful decisions. His delegation would accordingly abstain in the voting on draft resolution A/C.2/L.898.

10. The measures contemplated in draft resolution A/C.2/L.902 were not practicable at the present time. He therefore hoped that the representative of Panama would find it possible to withdraw that proposal.

11. Mr. FERNANDINI (Peru) recalled that the sponsors of the draft resolution A/C.2/L.905 had also sponsored Economic and Social Council resolution 1183 (XLI), which was simply reproduced in the draft resolution; the latter, moreover, was a well-balanced text. The developing countries had shown great moderation in formulating that draft and it was accordingly to be hoped that it would be adopted without difficulty.

12. The important draft resolution in document A/C.2/L.898 constituted an innovation in that it expressed an idea which had long been germinating. While his delegation supported the idea of studying the flight of capital, which was so dangerous for developing countries, it could not accept operative paragraph 2 of the draft resolution. Peru, like such countries as Switzerland and the United States, had a free exchange system and it therefore could not accept recommendations for measures which might impair that system. Moreover, that was a matter which fell within the domestic jurisdiction of States. The United Nations should not make recommendations on a matter which involved the principle of sovereignty, for such recommendations would be dangerous for the developing countries. If the developing countries needed more foreign capital, they should not at the same time discourage it. His delegation therefore opposed paragraph 2 and reserved the right to propose subsequently any necessary amendment to the draft resolution.

13. The draft resolution submitted by the Panamanian delegation (A/C.2/L.902) seemed to him to require further study, and the instructions which most delegations would have to request from their Governments on the matter could certainly not be received in time. He would therefore ask the Panamanian representative not to press for consideration of his draft resolution

^{1/} Official Records of the Economic and Social Council, Fortieth Session, Annexes, agenda item 17, document E/4157.

at the current session but to agree to defer the discussion of it to the next session, on the understanding that the draft resolution would be reproduced in extenso in the Committee's report.

14. Mr. VARELA (Panama) said that he would yield to the arguments put forward by the representatives of the United States and Peru and to those of other delegations. Moreover, in order to expedite the work of the Committee, he would agree to consideration of his draft resolution being deferred until the General Assembly's next session, provided that the text of the draft would appear in the Committee's report together with a statement of the reasons for the postponement.

15. He hoped that the draft resolution would be adopted in 1967, particularly in view of the situation with regard to the financing of the poorer countries' development. He also noted that he had merely embodied in the draft the idea presented by the Minister for Foreign Affairs of Panama in the 1423rd plenary meeting of the General Assembly and at formal meetings of Latin American delegations. The Secretary-General of the United Nations, in his report to the General Assembly (A/6301 and Add.1), had stressed the need to mobilize far greater resources for economic development. But those resources would not be forthcoming if reliance was placed exclusively on voluntary contributions made by the rich countries in a spirit of charity or in the hope of obtaining political advantages. That point had also been made the day before by the representative of Ghana, who had criticized the ineffectiveness of a system of international aid that depended solely on the will of the rich countries and had suggested the establishment of an international fiscal system very similar to that envisaged in the Panamanian draft resolution. The Panamanian people did not want charity; what they were asking for was justice, based on an international law which was evolving with the changing relationships among nations and which must not be interpreted unilaterally in such a way as to impose on the economically weak nations agreements of an anachronistic type that constituted a threat to the very life of those small nations.

16. The CHAIRMAN accordingly suggested that consideration of draft resolution A/C.2/L.902, the text of which would appear in the relevant report of the Committee, should be deferred until the next session.

It was so decided.

17. Mr. VLADOV (Bulgaria) reminded the Committee that his delegation had supported General Assembly resolution 2042 (XX) on the establishment of a United Nations capital development fund, abstaining only on paragraph 4, because it had felt that investment proper should be undertaken independently of the results of the proposed consultations on voluntary contributions. Like all the socialist countries, Bulgaria had long emphasized the necessity of embarking on investment proper as part of the United Nations assistance programmes, and it considered that the United Nations Development Programme (UNDP) could do so without adversely affecting its pre-investment programmes, as it had substantial uncommitted funds.

18. His delegation did not accept the arguments adduced at the second session of the Governing Council

of UNDP^{2/} to explain that organ's inaction. He wondered why such opposition still existed when most countries, in particular the developing countries, were urgently calling for investment activities, which UNDP had, moreover, the right to initiate. The most effective way of helping the developing countries to establish independent economies was to transform the Special Fund component of UNDP into a capital development fund, which would supplement the internal and external resources of the developing countries by means of financial assistance on favourable terms for national and regional development projects and programmes, especially in the matter of industrialization. Such assistance should be provided in the form of grants or long-term interest-free or low-interest loans.

19. The executive body of the fund should be a directorate rather than a director. His delegation supported the amendments to the draft Statute submitted to the Committee on a United Nations capital development fund^{3/} by the Czechoslovak and USSR delegations, proposing the establishment of the United Nations capital development fund by the gradual transformation of UNDP, and draft resolution A/C.2/L.898 on external financing of economic development of developing countries.

Mr. Boiko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

20. Mr. BAYERO (Nigeria) said that it was remarkable that domestic saving in the developing countries had risen to almost 14 per cent of the gross national product in 1964, in spite of the much-discussed crisis in international aid and the rapid increase in the demand for public services in the developing countries, which had made public saving difficult, just as the low income level of the population had hindered private saving.

21. The fact nevertheless remained that the downward trend in the flow of capital to the developing countries had not only prevented those countries from sustaining a 5 per cent annual growth rate, but had led to economic stagnation and sometimes even retrogression.

22. The situation in which many developing countries found themselves did not, however, mean that external assistance should be provided on the most unfavourable terms. Loans and grants should be given at low-interest rates, with repayment extending over long periods, and, above all, they should not be tied. It had been asked whether an effort to eliminate tied aid would not, in view of the present balance-of-payments situation of some lending countries, lead to a reduction in the total volume of aid. However, because of their economic structure, the developed countries were better equipped to surmount short-term crises in their balance of payments, and if they were, moreover, motivated by a will to co-operate, the question would not arise. It was for those reasons that his delegation had joined in sponsoring draft resolutions A/C.2/L.898 and A/C.2/L.905.

23. His delegation further believed that the time was ripe for the establishment of a United Nations investment fund, which, far from competing with the existing

^{2/} See documents DP/L.19 and A/AC.102/9 and Corr.1 and Add.1.

^{3/} See A/AC.102/SR.38.

financial institutions, would complement and co-ordinate their activities, as a logical follow-up of UNDP activities, much of whose value would indeed be lost if they were not soon followed by a growth in investment proper. The International Bank for Reconstruction and Development (IBRD) had, undoubtedly, played a constructive role in providing loans and technical assistance to developing countries which lacked adequate means for financing their economic growth. However, IBRD, which had been founded originally in order to set the industrialized countries of Europe on their feet again after the Second World War, could not, by reason of its constitution and its methods, adapt its lending terms to the needs of the developing countries, and its loans covered only a small fraction of their total needs. It was much more liberal in regard to some States where industrialization was proceeding at an unusually rapid pace. Unless the developing countries were helped to accelerate their growth through simultaneous pre-investment and investment, a situation might soon arise where the advanced countries would have to be helped to accelerate their progress. It was argued that channelling large amounts of capital towards countries at a very early stage of development would not promote economic advancement and that, in order to be able to benefit from large inflow of capital, a country must have advanced some way along the path of development. That was why it was all the more necessary to ensure that pre-investment and investment proper overlapped at the right time.

24. One argument against the establishment of the capital development fund was that it would duplicate the activities of the existing financial institutions and lead to a dispersal of resources. Such was not, however, the intention of its proponents, and his delegation considered that the fund should channel the various United Nations pre-investment and investment programmes and co-ordinate the activities of the existing financial institutions, where there was no lack of duplication. Thus, it was not uncommon for the Special Fund component of UNDP to carry out a feasibility study for IBRD, which would in turn send its experts to the country concerned to undertake a study on the same project before granting a loan.

25. The establishment of the capital development fund would therefore be a step forward to ensure the effective, equitable and co-ordinated utilization of available resources through a United Nations multilateral financial institution. It was often useful to set up bodies for large-scale projects which they could carry out much better than institutions with a limited function in the same area. The capital development fund would assume a role similar to that played by a country's central bank in relation to its commercial banks. Finally, the investment funds available fell far short of the requirements of the developing countries, which could easily absorb another \$3,000 million to \$4,000 million for their over-all economic development, and that sum would be more effectively and equitably allocated through the capital development fund. Some developing countries were finding it difficult, under the existing bilateral arrangements, to meet local costs, and the management of the fund would be able to consider that problem in the context

of an over-all policy designed to accelerate economic development in the developing regions.

26. Mr. PAPADOPOLO (Guatemala) said that the published figures gave a sufficiently clear idea of the present situation regarding the flow of international aid and the difficulties being encountered by the developing countries in raising the standard of living of their people. The same was not true of inflationary trends, which were less easy to measure. There could not, however, be any doubt that one of the most disquieting aspects of inflation in the developing countries was the decrease in the volume of international liquid reserves, a situation that was linked with the inflationary pressures in the advanced countries. The inflation affecting the developing countries was a secondary and derivative phenomenon which was further aggravated by the debt servicing burden of foreign loans and the deficit on other items of invisible expenditure in the balance of payments. To oppose the study recommended in draft resolution A/C.2/L.898 at the very beginning instead of awaiting its results would be an unrealistic and premature action.

27. It was to be hoped that the Secretary-General would be able to recommend specific measures that might hinder the flight of capital from the developing countries, for otherwise the international aid being received by those countries was apt eventually to be nullified.

28. Sir Edward WARNER (United Kingdom) said that many representatives had ended their speeches with the statement that the rich countries were growing richer, and the poor countries poorer. As far as the United Kingdom was concerned, it was certainly not growing richer. His Government had had to take drastic deflationary action and to block increases in money incomes until July 1967. It was nevertheless determined to increase its assistance to the developing countries when it could do so without running into grave balance-of-payments crises.

29. The United Kingdom was opposed to the establishment of a United Nations capital development fund because it believed that existing international financial agencies—namely, the International Bank complex and the regional development banks—provided an efficient channel for the disbursement of multilateral aid and that a further capital development fund would only duplicate the work of existing bodies without increasing aid flows. Resources of sufficient magnitude to make such a fund useful and effective were unlikely to become available, especially in view of the increase of multilateral capital aid which might be anticipated over the next few years through the replenishment of the International Development Association (IDA), the scheme for supplementary financial measures and the regional banks. The United Kingdom was also opposed to the transformation of the Special Fund component of UNDP into a capital development fund. Any steps by UNDP to enter upon investment proper was bound to weaken its present pre-investment and technical assistance activities, which were valuable and in great demand. That was not to say that the United Kingdom Government did not strongly support multilateral aid. It had provided £7.1 million in government and market loans to the Inter-American Development Bank and had pledged \$30 million to

the Asian Development Bank, and would co-operate with other developed nations to provide a substantial replenishment of the International Development Association. It was the United Kingdom's aim, as and when their situation permitted, to increase further the proportion of their resources devoted to multi-lateral institutions.

30. Turning to agenda item 40, he recalled that his delegation had abstained on Economic and Social Council resolution 1183 (XLI) embodied in draft resolution A/C.2/L.905 when it had been considered by the Council, as there had been insufficient time to study it and also a number of passages had appeared to be unacceptable. After detailed study of the text, the United Kingdom was now prepared to vote in favour of the draft resolution, although it had the following reservations. With regard to the sixth preambular paragraph, the trend in the transfer of external resources to the developing countries since 1961 had not been one of continuous decline. The total private and official flows of aid had, in fact, risen from \$9,200 million in 1961 to \$10,200 million in 1965. With regard to the seventeenth preambular paragraph and operative paragraph 3 (b) (vii), his delegation did not consider that the tying of repayments to purchases from recipient countries was a useful way to combat the problem of the growing debt burden. The United Kingdom did not, in general, have the machinery which would permit it to enter into obligations to make purchases of that kind. Since, moreover, the United Kingdom hoped for a concerted approach towards a reduction of aid tying, it would be a retrograde step to introduce a form of reverse tying. With regard to operative paragraph 2, his delegation could not endorse a provision recommending that action should be taken to meet the objectives set out in those recommendations of the first session of UNCTAD which it had not supported. With regard to operative paragraph 3 (b) (iii), the United Kingdom favoured an over-all increase in the amount of programme, as opposed to project, aid. Three quarters of the assistance it was already providing was on a programme basis, and his delegation did not interpret that paragraph as imposing any obligation to increase that proportion still further. With regard to operative paragraphs 3 (b) (iv) and 3 (b) (v), the United Kingdom hoped for the progressive untying of aid by all donors but could not afford to untie its own aid unilaterally. It did not regard the proposal contained in paragraph 3 (b) (v) as feasible. With regard to operative paragraph 3 (b) (vi), his Government was still studying the feasibility of that interesting suggestion. With regard to operative paragraph 3 (b) (viii), the United Kingdom was unable, in its present economic position, to give any commitment to increase its aid programme by reinvestment of loan repayments. With regard to operative paragraph 5 (b) (ii), the objective set out in that paragraph, which had been taken from a resolution of the Development Assistance Committee, should be pursued primarily by the Organization for Economic Co-operation and Development (OECD).

31. In so far as draft resolution A/C.2/L.898 was concerned, his delegation was unable to support operative paragraph 2, for it did not consider that the Secretary-General should be asked to make

recommendations until Governments had studied the factual report requested under Economic and Social Council resolution 1184 (XLI).

32. In conclusion, in reference to agenda item 38, he endorsed the Secretary-General's suggestion that relevant material concerning inflation could in future best be handled in the context of part II of the World Economic Survey (see A/6424, para. 4).

Mr. Tell (Jordan) resumed the Chair.

33. Mr. INGRAM (Australia) said that his Government had stressed on many occasions the importance it attached to the free flow of capital and to the growth of international capital markets. With regard to operative paragraph 2 of draft resolution A/C.2/L.898, he expressed the hope that the Secretary-General's recommendations would not be purely restrictive and that he would take a broad and realistic view of the measures that might be taken to decrease the outflow of capital from developing to developed countries.

34. So far as draft resolution A/C.2/L.905 was concerned, his delegation was pleased to note that it recommended that consideration be given to the special position of some countries which were net importers of capital. His country fell into that category and the formula of supplying to developing countries external resources equivalent to 1 per cent of the national income would be a misleading criterion in its case since the aid it provided was in grant form and therefore did not contribute to the formidable problem of debt repayment and servicing. Nevertheless, the percentage of his country's national income devoted to foreign aid had increased from 0.56 per cent in 1961-1962 to 0.64 per cent in 1965-1966. With regard to operative paragraph 5 (b) (i) he also expressed the wish that any study made by the Secretary-General would have regard to the peculiar circumstances of countries like his own which had some of the attributes of both developing and developed countries. The fourth preambular paragraph of Economic and Social Council resolution 1183 (XLI), which the Committee was asked to endorse, recognized the need for the developing countries to improve their own efforts to accelerate their economic and social progress. His delegation would have liked the draft resolution under discussion to place more emphasis on that point. While there was no doubt as to the importance of the flow of capital to those countries and the sums involved, it was essential not to lose sight of the part played by factors such as the level of literacy, a skilled labour force, stable government etc., none of which should be considered in isolation.

35. Mr. OKWENJE (Uganda) said that the establishment of a United Nations capital development fund had to be viewed in the light of the new world economic situation. An increasing proportion of the needs of the younger Member States would have to be met by capital assistance. If sufficient capital was to be made available to them on acceptable terms, there would have to be a multilateral fund under the direct control of the United Nations and insulated from all political pressures. Despite their admirable contribution to the development of many countries, the existing financial institutions did not quite measure up to that task. It was common knowledge how undemocratic

some of them were. In the case of IDA, for instance, a handful of big Powers controlled 52 per cent of the votes and its funds were not distributed in an equitable manner. The International Bank for Reconstruction and Development had been established to facilitate the rehabilitation of Western Europe after the war, and since that time its structure had not been changed to the extent necessary. Generally speaking, the existing financial institutions seemed to meet the needs of the developed countries more than those of the developing countries. Only an independent body open to all States with equal voting rights would give the developing countries the type of assistance they required. It would enable small but highly industrialized States to participate more actively in international investment activities and would provide incentives for more extensive multilateral efforts. The United Nations capital development fund would not, of course, compete with other financial institutions but would rather supplement their efforts. Moreover, there should be no conflict between the assistance provided by such a fund and bilateral assistance. However, in advocating the establishment of a capital development fund his delegation sought to prevent bilateral aid from having strings attached or being accompanied by threats of unilateral withdrawal.

36. His delegation fully endorsed draft resolution A/C.2/L.905. He wished to stress in that connexion that the developing countries were not the sole beneficiaries of the flow of capital and technical assistance. In the case of the United States, for instance, every 10 per cent increase in per capita income abroad resulted in a 16 per cent increase in United States exports and every \$1,000 million worth of additional exports created more than 100,000 new jobs. Moreover, 80 per cent of all aid provided by the United States was spent on purchases of United States goods and services.

37. At the present time the developed countries were devoting little more than 0.5 per cent of their gross national product to development assistance. The annual flow of aid had increased by less than \$1,000 million between 1961 and 1965 and it had decreased as a percentage of the gross national product. United States expenditure on foreign aid had not increased during that period but that country's gross national product had increased by between 35 and 40 per cent. Moreover, the backflow of capital from the developing countries had affected their rate of gross capital formation and slowed down their economic growth generally. In view of those considerations, his delegation would support draft resolution A/C.2/L.898.

38. Mr. ROOSEVELT (United States of America), exercising his right of reply, said that the figures quoted by the representative of Uganda related to public aid only which had not, in fact, increased since 1961. They were, however, incorrect in so far as they did not include private assistance, the volume of which had increased over the period in question.

39. Mr. MOLLER (Sweden) said that the slackening in the flow of capital to the developing countries was all the more disturbing as pre-investment activities had greatly increased in recent years the capacity of those countries for capital absorption.

40. In the view of his Government, multilateral assistance was preferable for political reasons and it also had an optimum impact on development, especially as a large proportion of actual bilateral assistance was tied. Forty-six per cent of the assistance provided by his country in the current fiscal year was channelled through multilateral agencies and his Government was prepared to contribute its full share under the proposal to increase IDA's annual contribution from \$250 million to \$1,000 million.

41. With regard to bilateral assistance, the representatives of his country had on many occasions pointed out the disadvantages of the common practice of tying assistance to sources of supply in the donor country. Procurement restrictions had to be taken into consideration in all discussions on the terms of aid. It was not appropriate to disregard questions of price and quality and to consider only the interest and amortization factors. What was the use to the recipient of a long-term loan and a low rate of interest if those benefits were nullified by high prices? According to a present study undertaken by one of the major recipient countries, bids accepted under tied credits were, on the average, 50 per cent higher than the lowest competitive international price quotations.

42. The qualitative aspect of assistance, though often neglected, was of vital importance with regard to the implementation of over-all aid targets. The 1 per cent target set by UNCTAD recommendation A.IV.2⁴ referred, in fact, to the supply of capital and could hardly be equated with assistance proper. It could not provide a suitable basis for comparison between different aid efforts since it included transactions of a purely commercial character and since important return flows of capital from the developing countries were not taken into consideration. Aid statistics were also lacking in precision. They lumped together private and public flows, grants and credits, multilateral and bilateral aid, tied and untied aid, etc. Efforts to measure aid proper, i.e., first and foremost, grants, contributions to international agencies and, possibly, untied loans, were therefore fully justified. They should exclude transfers with a negligible aid element, such as short-term export credits. In the absence of such a differentiation, international comparisons of aid levels would be not only purely academic, but in many instances quite misleading. The ultimate aim of economic development was, moreover, the improvement of the standard of living of the individual and it would therefore be more appropriate to measure progress in terms of increases in per capita incomes rather than in terms of national aggregates.

43. His delegation would vote in favour of draft resolution A/C.2/L.905. It was pleased to see that the text emphasized multilateral aid and the importance of assistance free from political conditions and not tied to the purchase of goods of the home markets of donor countries. It would, however, abstain in the vote on operative paragraph 3 (a) of the Economic and Social Council resolution included in the draft resolution, if a separate vote were taken on it. The

^{4/} See Proceedings of the United Nations Conference on Trade and Development, vol. I: Final Act and Report (United Nations publication, Sales No.: 64.II.B.11).

Governments of the five Nordic countries had adopted UNCTAD recommendation A.IV.2 on the 1 per cent target, but they could not undertake to attain that target at a precise date.

44. Mr. BOUATTOURA (Algeria), speaking in exercise of his right of reply, said that the day before (1075th meeting), the Ukrainian representative had attributed to his delegation certain remarks which it had not made and had expressed unfounded views concerning his country's policy.

45. Desiring to add to the reply made at the time by the Algerian representative, he voiced surprise that an attempt should be made to deny his country the right to join with the other countries of the "international third estate" in expressing disappointment with regard to international co-operation; it was to be noted that the Secretary-General had also expressed such disappointment in the introduction to his annual report (A/6301/Add.1). That sense of disappointment could be expressed in general terms without the necessity of referring each time to the responsibilities which colonial history imposed on certain groups of countries in particular. Instead of drawing up an indictment against some countries rather than others, an earnest effort must be made, in a spirit of fairness, to achieve even-handed justice.

46. The high price which Algeria had paid for its political liberation and the achievements of the Algerian revolution relieved his country of any obligation to act as a prosecutor and reduced to their true worth certain unfortunate remarks which had been made. He hoped that those remarks had been due merely to ignorance of Algeria's position or to a sense of grievance which should not be unjustly directed at a single delegation. He trusted that there would be no further need for him to correct views which did not seem to reflect the actual situation—a situation which was characterized by steady progress towards normalization.

47. Mr. BOIKO (Ukrainian Soviet Socialist Republic) said that he wished to thank the Algerian delegation for having given a correct assessment, in its reply the previous day, of the assistance provided to Algeria by the socialist countries. Returning to his own statement, he said he had been surprised to hear the Algerian representative, in presenting draft resolution A/C.2/L.905 (1074th meeting), criticize in advance the attitude of certain countries, including in particular the socialist countries, towards a text on which they had not yet taken a position. Moreover, the Algerian representative's statement had, in the Russian interpretation, contained such remarks as "I accuse all the developed countries, both those with planned economies and those with market economies etc."—remarks which he had thought unwarranted. It appeared from the explanations offered subsequently that the interpretation had not been completely faithful to the French text. Accordingly, his delegation was prepared to accept the necessary corrections in the summary record of the meeting.

48. Mr. KHAN (Pakistan) said that the deceleration in the economic growth of many of the developing countries during the 1960's as compared with the 1950's was directly attributable to the loss of momen-

tum in the flow of development assistance; that loss of momentum had, incidentally, been acknowledged by some statesmen in the developed countries and by eminent international civil servants.

49. In adopting resolution 1183 (XLI), the Economic and Social Council had shown its awareness of the problems resulting from the inadequate flow of assistance and the increasing burden of debt service borne by the developing countries. His delegation had therefore joined in sponsoring draft resolution A/C.2/L.905, which called for the Assembly to endorse the Council's resolution. The draft resolution, which was the product of a difficult series of compromises, represented a minimum position as far as the developing countries were concerned, and his delegation hoped that it would be adopted unanimously without being watered down. He urged all member States to give the Secretary-General their co-operation in the preparation of the report called for by the resolution. In view of the urgent need for action to limit or curtail the outflow of capital from the developing countries, his delegation had also joined in sponsoring draft resolution A/C.2/L.898.

50. With regard to the question of inflation and economic development, his delegation was in general agreement with the conclusions contained in the Secretary-General's report (E/4152 and Corr.1). Heavy public and private expenditure on development inevitably created inflationary tendencies; moreover, in many developing countries which were dependent on agriculture, variations in agricultural output had a direct effect on the price level. Inflationary trends could be checked only if action was taken to correct the growing imbalance between monetary demand and the volume of available goods and services; needless to say, such action would have to be taken, in the first instance, by Governments. He suggested that the question of inflation and economic development should no longer appear on the Assembly's agenda as a separate item; since the Economic and Social Council had decided in its resolution 1154 (XLI) that, in the future, the question would not be dealt with separately but in part II of the World Economic Survey, the General Assembly could, if it wished, discuss it in connexion with its consideration of the Council's report.

51. His delegation had been associated since 1952 in the efforts to bring about the establishment of a capital development fund. In 1960, the General Assembly in its resolution 1521 (XV) had decided in principle upon that step, but the establishment of the fund had been constantly postponed on one pretext or another, and the Assembly's decision should now be given effect. He hoped that the developed countries would agree to the establishment of the fund and give it their support so that it could provide assistance to the developing countries on favourable terms, especially in the field of industrialization, which had become particularly important since the creation of the United Nations Industrial Development Organization, and also in such sectors as agriculture and education which did not receive adequate assistance under bilateral arrangements.

52. Mr. Mohamed AL-ATRASH (Syria) said that inflation could be defined as a situation in which

national monetary expenditure increased more than real national product; it could manifest itself in the form of higher prices, of shortages, if prices were controlled, or of a deficit in the balance of payments. The causes of inflation were well known and were varied: an autonomous increase in internal demand for goods and services; an autonomous rise in wages not warranted by a rise in productivity; a shortage of essential goods such as food products or a shortage resulting from the unavailability of imported goods; a rise in export prices resulting from an autonomous increase in external demand; a rise in import prices—a factor whose importance was greater in the case of countries which were highly dependent on imports; and, finally, speculation, which was itself the result of inflationary tendencies and helped to intensify them.

53. The consequences of inflation were also well known: when it was excessive, it brought about a redistribution of income at the expense of the fixed-income groups, which, particularly in those developing countries where the wage-earners were not well organized and the private sector was strong, created an increasing imbalance in favour of the capitalist class; inflation also distorted the pattern of investment and production, encouraging investment in real estate and inventories which gave a quick return at the expense of sectors which were more essential to development; it also caused a flight of capital abroad owing to fear of devaluation; finally, inflation produced a deficit in the balance of payments by increasing the demand for imports and reducing exports through the diversion of part of them to domestic consumption.

54. It was therefore essential to combat inflation, and that was a task which ultimately devolved upon Governments. When inflation was caused by excessive demand, Governments could exercise budgetary and credit restraint, which could be done, in a planned economy, by adapting the financial plan to the physical plan. When inflation was caused by an autonomous rise in wages not warranted by a rise in productivity, an income policy acceptable to the labour unions was essential. In a developed market economy, excessive wage demands were a means by which the unions sought to increase the workers' share in real national product. At the same time, while it was true that the task of combating inflation was one for Governments to undertake, that did not mean that international financial assistance could not help them by sparing them the necessity of taking drastic measures that were not always politically feasible.

55. Furthermore, the Government of a country which was carrying out a development programme might not be able to avoid a moderate rise in prices, but provided the rise was limited to 3 or 4 per cent annually, it need not prove harmful. It was precisely in order to keep inflation within such reasonable limits that the Governments of developing countries needed an adequate net flow of external resources; without such assistance, they might, in order to accelerate development, succumb to inflationary policies which were doomed to failure in the long run. It was for those reasons that his delegation had joined in sponsoring the two draft resolutions before the Committee.

56. His delegation believed that the Secretary-General's report on inflation and economic develop-

ment (E/4152 and Corr.1) might prove very useful to the Governments of the developing countries. However, in view of the fact that further reports would be appearing in the World Economic Survey, he wished to point out that the order in which the forces generating inflation were analysed in the Secretary-General's report was not, in his opinion, entirely logical. Among those forces, the report included increases in investment, consumption and money supply (paras. 15, 16 and 21); he thought that the last-mentioned increase did not of itself lead to inflation unless it was translated into an increase in investment or consumption expenditure. Similarly, in the analysis of the causes of inflation, the information concerning changes in monetary conditions (paras. 57 and 58) should have been included under the heading "changes in demand". Secondly, he thought that the Secretary-General's report did not analyse thoroughly enough the extent to which the inflation that had occurred in some developing countries in the period 1957-1964 had affected their economic growth.

57. Mr. CARANICAS (Greece) said he attached particular importance to the problem of inflation, which his country had experienced during and after the Second World War. However, since Greece was well aware that price stability was essential for economic development, it had managed during the past thirteen years to achieve a regular increase in its gross national product, at an annual rate of 6 to 8 per cent, while preserving complete monetary stability. It followed that economic development did not necessarily produce inflation.

58. A recent survey of fifteen low-income countries showed that the average cost-of-living index had risen appreciably less, over a given period, in six countries with an annual economic growth rate above 4 per cent, than in six others in which the economic growth rate was lower. Conversely, the average increase in per capita gross national product had been noticeably greater in the six countries where inflation had been least severe.

59. The experience of those countries, like that of Greece, prompted the conclusion that inflation caused social tensions due to the desire of all sectors of society to protect themselves against it; that it did most harm to the poorest classes; that it reduced personal savings—especially the commonest forms of savings; that it handicapped investment planning, distorting industrialization and the application of resources; that it provoked a flight of capital to safer markets; that it encouraged imports at the expense of exports, especially where the depreciation in the foreign exchange value of the currency was less rapid than the increase in domestic production costs; and that it discouraged foreign investors and led them to impose stiffer terms.

60. All Governments vowed to abolish inflation and economists predicted that nations would wilt under it. However, neither came to pass, notwithstanding the widespread fear that creeping inflation would suddenly become uncontrollable. In the circumstances, instead of pretending to abolish inflation, it would be more sensible to recognize that inflation was not dangerous if kept within certain limits (a maximum rate of

2 to 4 per cent), which could be done at the cost of some sacrifice in economic growth.

61. He thought it would be useful for the Secretary-General to undertake a survey of the various ways in which the problem of inflation might be dealt with, and agreed with the Pakistan representative that it would be preferable to remove the item from the agenda of the General Assembly pending the results of the survey.

62. With regard to the problem of capital flow, he agreed entirely with the remarks of the Ghanaian representative (1076th meeting) concerning the current trend and the implementation of the UNCTAD recommendation of a 1 per cent target. He also thought it necessary to ensure that investments in developing countries were effectively utilized, and felt that the conditions on which assistance was granted should be made more flexible. In that connexion, he was glad to see from a recent London publication that, in order to avoid a major debt crisis among developing countries, Barclays Bank Ltd. was advocating the immediate lowering of interest rates, longer grace periods and much longer periods of repayment. It was also encouraging to note that some statements made to the Committee had confirmed that trend. The Ghanaian representative's idea of an international fiscal system was most interesting but somewhat utopian, in view of the fact that the foreign aid granted by most Governments was subject to approval by their Parliaments. Chapter II of part I of the World Economic Survey, 1965,^{5/} admirably described the administrative and financial problems encountered by the Governments of developed countries owing to the complexity of assistance machinery and to the budgetary limitations imposed by the competing claims of their own national

needs. That was why the adoption of UNCTAD recommendation A.IV.2 had not appreciably affected financial procedures and the commitments of the industrialized countries, Norway being the only State to earmark part of its tax revenue for development aid. The main reason for the decline in the flow of capital to the developing countries in relation to the national income of the developed countries was undoubtedly the political difficulties of donor Governments.

63. His delegation would support the two draft resolutions before the Committee, although it doubted the propriety of operative paragraph 3 of draft resolution A/C.2/L.898, which involved deciding, during the current session, on the inclusion of an item in the agenda of the following session and settling the wording of the item.

64. Mr. Donald MACDONALD (Canada) said he did not think that the Committee would be able to conclude its consideration of the three points under discussion at the current meeting, and suggested to the Chairman that he should close the list of speakers on agenda items 40 and 42 and postpone further discussion until the following meeting.

65. The CHAIRMAN proposed that the list of speakers on agenda items 40 and 42 should be closed.

It was so decided.

66. After an exchange of views in which Mr. KADLEC (Czechoslovakia), Mr. MARTIN WITKOWSKI (France), Mr. RWAMAVUBI (Burundi), Mr. PIÑERA (Chile) and Mr. KARMARKAR (India) took part, the CHAIRMAN moved that the meeting should adjourn.

It was so decided.

The meeting rose at 1.25 p.m.

^{5/} United Nations publication, Sales No.: 66.II.C.1.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1078th
MEETING**

Monday, 28 November 1966,
at 3.10 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 37

United Nations Conference on Trade and Development:
report of the Trade and Development Board (A/6303/
Add.1, chap. I; A/6315, A/6501)

1. Mr. PREBISCH (Secretary-General of the United Nations Conference on Trade and Development), presenting the report of the Trade and Development Board (A/6315), said that he did not intend to comment on the contents of the report itself but on the basic conclusion to be drawn from it, namely, that halfway through the United Nations Development Decade it was clear that the target set for the Decade, although modest, could not be attained. The main reason was that the effects of the technological evolution of the past thirty years had been so intense and so rapid that it had not yet been possible to evaluate their full impact. Consequently, it had been impossible to forge the isolated international and local measures into a coherent development policy based on adequate international co-operation. He hoped that the international community would learn from that experience and so avoid a further setback in the future which might have disastrous consequences.

2. With regard to trade and finance, for twenty years no sweeping measures had been taken to offset the impact of technological advances on the exports of the developing countries, either in respect of primary commodities, the markets for which were sometimes, as in the extreme case of sugar, restricted by protective measures, or in respect of manufactures, against which restrictive measures had been taken as soon as a market, for example that of textiles, seemed to be opening up for the developing countries. The only measures taken had been those adopted in favour

of certain developing countries at the expense of others, and even those partial measures had been made conditional on reciprocity, although the principle of non-reciprocity had been clearly enunciated at the first session of the United Nations Conference on Trade and Development (UNCTAD). The Canadian Minister of Finance had recently stressed that the establishment of more clearly defined and antagonistic spheres of influence resulting from anarchic preferential arrangements between former metropolitan Powers and their former colonial territories, would have dangerous implications for international relationships. In the matter of finance, the transfer of resources from the developed to the developing countries was on the wane, while the burden of servicing the debts owed by the latter to the former was steadily mounting.

3. While the developed countries were responsible for the foregoing, it must be recognized that the developing countries, on their side, had not made the necessary effort to frame a policy compatible with the progress of modern technology. They had not yet understood sufficiently that they could not benefit from technological progress except by radically reforming their economic and social structures. The inability to produce enough food, which was assuming catastrophic proportions, was, for example, usually associated with anachronistic systems of land tenure. Those outdated structures also affected industrial development which it was often attempted to promote in water-tight compartments. That was a problem which the developing countries could solve themselves, if they took sufficiently bold action to facilitate trade among themselves, for the only way of ensuring their industrialization in viable conditions was through the economic integration of groups of developing countries. It was also the responsibility of those countries to mobilize their own resources and, although they had made some efforts in that direction, they still had a long way to go.

4. The responsibilities were therefore divided between the developed and the developing countries. The time had come to end recriminations and to consider what steps were to be taken by both sides to formulate a coherent and effective policy of development and international co-operation. The target of an annual growth-rate of 5 per cent in the national income of the developing countries was not too high although, because of the impossibility of reaching it, it was generally believed to be so. It was not high enough. Moreover, the major industrialized countries were beginning to recognize that fact, for President Johnson had recently stated, on the occasion of the anniversary of the Alliance for Progress, that Latin America could, in his opinion, reach a per capita growth rate of from 4 to 6 per cent per annum, whereas the rate

postulated by the Alliance had been 2.5 per cent. Such a rate of progress was not Utopian, but it could not be achieved unless there was concerted action by both the developed and the developing countries.

5. The organs of the United Nations must, therefore, strive to provide Governments with all the material they need to formulate and adopt the required policy. The second session of UNCTAD would doubtless be of help, since its agenda provided for a discussion of matters of very great importance in that connexion, such as access to markets and the granting of preferences to encourage exports of manufactures by the developing countries. The idea of preferences was, moreover, beginning to gain ground and to be accepted as an integral part of a world policy for the liberalization of trade. Such a policy, adopted after the Second World War among the developed countries, had produced excellent results and the Kennedy Round might certainly help to liberalize trade between developed and developing countries. However, much ground remained to be covered before preferences were established which would be equivalent to the duty-free entry of manufactures from the developing into the developed countries and which would make a positive contribution to the liberalization of trade, on the understanding, of course, that the developing countries, for their part, would have to take steps to facilitate imports from other developing countries. The solution of the trade gap problem called not only for an increase in the exports of the latter to the developed countries, but also for an intensification of trade among themselves. That meant that the means of payment among the developing countries must be studied.

6. When the developing countries had strengthened their industries, through regional and sub-regional economic integration, their higher productivity would enable them to export more manufactures to the developed countries and they would, at the same time, be able—and that would be a new stage in world trade policy—to lower their customs tariffs on goods from the developed countries. That stage was indispensable to prevent regional integration agreements from becoming, so to speak, monopolistic and possibly hampering international competition. Such competition was essential for the spread of technology and the formulation of a world trade policy.

7. The data available clearly showed that a reasonable growth-rate, such as President Johnson had mentioned, could only be achieved by substantially increasing the transfer of resources from the developed to the developing countries. But it was also obvious that such an increase would be possible only if the latter undertook to use those external resources to implement a coherent economic and social policy. The question arose whether it should be left to the aid-giving States to determine that policy. One of the advantages of the formulation of an international policy by international bodies would be that it would enable a plan of concerted action to be drawn up by all the countries concerned working together to help the developing countries. The President of the International Bank for Reconstruction and Development, Mr. George D. Woods, had recently stressed that a distinction should be drawn between financing provided by the developed countries to promote their own exports to the developing countries or to help the

latter for political or military purposes and financing provided solely for the purpose of enhancing the productivity of the developing countries. Financing of the latter type, Mr. Woods had stated, should be effected through international multilateral organizations. However, the formulation of a specific international plan raised problems which would be difficult to solve if only, for example, because of the important role that the private sector must play in the financing of development.

8. Nevertheless, the international agencies today had sufficient experience to be able to quantify to some extent the targets to be achieved and the means for doing so. It was necessary above all to evaluate the amount of resources needed by the developing countries to pay for their essential imports and the over-all calculations so far made should now be broken down nationally and regionally. The magnitude of the problem and past and future phenomena should be evaluated. Apart from the very useful work done by the United Nations Centre for Development Planning, Projections and Policies and the much more modest work done by UNCTAD, FAO had undertaken to make projections of the food requirements of the developing countries as a whole in twenty years. Those calculations would be extremely useful because, in order to meet the demand for food, not only must food production in all the developing countries be expanded but their imports of food-stuffs from the developed countries must also be facilitated. This would be a reversal of the usual idea that raw materials always came from developing countries and would further add to their foreign trade deficit. What was immediately required therefore was not over-all projections but projections by countries so that the necessary measures could be taken before it was too late. Only the international institutions could undertake studies of that kind and the United Nations had an enormous role to play in that regard.

9. In the circumstances and in conclusion, he warned against the dangerous proliferation of meetings which was likely to hamper the work of the United Nations. The number of meetings must be kept at an optimum level so that the Secretariat could make the proper preparations for them and Governments could participate in them usefully. Nevertheless, although the Secretariat and all Governments shared that view, the number of meetings—in UNCTAD at any rate—was constantly rising to the point where its meetings in 1967 would absorb almost 60 per cent of its budget. A large part of those resources could be more wisely used for preparing studies in depth and for meetings of small groups of experts and seminars. That disturbing situation could be easily corrected if there was the necessary political will.

10. The CHAIRMAN, speaking on behalf of the Committee, thanked the Secretary-General of UNCTAD for his interesting statement.

11. Mr. KAUL (India) proposed that Mr. Prebisch's statement should be issued as a Committee document.

It was so decided. ^{1/}

^{1/} The complete text of the statement made by the Secretary-General of UNCTAD was subsequently circulated as document A/C.2/L.908.

AGENDA ITEMS 38, 40 AND 42

Establishment of a United Nations capital development fund: report of the Committee on a United Nations Capital Development Fund (*continued*) (A/6303/Add.1, chap. II; A/6418, A/6459)

Accelerated flow of capital and technical assistance to the developing countries: report of the Secretary-General (*continued*) (A/6303, chap. V, sect. I; A/6461, E/4170 and Add.1 and 2 and Add.2/Corr.1, E/4171 and Corr.1, E/4189 and Corr.1 and 2, E/4240, A/C.2/L.898 and Add.1 and Add.2/Corr.1, A/C.2/L.905 and Add.1 and 2, A/C.2/L.906)

Inflation and economic development: report of the Secretary-General (*continued*) (A/6303, chap. III, sect. I and chap. XVI, sect. VIII; A/6424, E/4152 and Corr.1)

12. Mr. HUSSEIN (United Arab Republic), recalling the position taken by his delegation in the general statements on the items under consideration (1028th meeting), said that it was only logical that his country should be a sponsor of draft resolutions A/C.2/L.898 and A/C.2/L.905. The draft resolution on the accelerated flow of capital required no comment, as the substance of the matter had been debated at length in the Economic and Social Council, and it was particularly important that external resources should be made available to the developing countries on more liberal terms. The provisions of the draft resolution should not be confined to Council documents; they should also have the sanction of the General Assembly.

13. The problems connected with the accelerated flow of capital related especially to the outflow of capital, sometimes called the reverse flow of capital. The United Arab Republic had had to cope with that problem and he well understood that the developing countries were becoming increasingly concerned with that particular aspect. It should therefore be included as a separate sub-item on the Committee's agenda. The representative of Peru had rightly pointed out that Governments were responsible for the outflow of capital from their own countries. Nevertheless, the control of the outflow of official capital in the form of debt servicing depended on international co-operation, which was the aim of the draft resolution.

14. Inflation was a concomitant of economic development, particularly in the developing countries, and each country must deal with the resultant problems in the manner best suited to its economic policy. The item should be dropped from the Committee's agenda and left to the Council.

15. The United Arab Republic, whose position had not changed since the adoption of General Assembly resolution 1521 (XV), considered that another debate between those in favour and those against the establishment of a United Nations capital development fund would be inadvisable. The time had come to put theory into practice. He reserved the right to return to the subject when a draft resolution was submitted, but his delegation would certainly support any text proposing early establishment of the fund.

16. Mr. KOMIVES (Hungary) said that inflation was harmful to the developing countries in particular, since it hampered the economic advancement which

they so badly needed. Its inclusion as an item on the Committee's agenda was therefore timely and the discussion on it and the Secretary-General's report were both useful. It was true, as the Secretary-General had stated in his report (E/4152 and Corr.1), that inflationary pressures and counter-measures differed considerably from country to country. Nevertheless, a more thorough study should be made of the inflationary effects of price increases in the developed market economy countries and the deterioration in the terms of trade. His delegation supported the Secretary-General's proposal that, in the future, inflation and economic development should be considered in the context of part II of the World Economic Survey (A/6424, para.4)

17. There was little to add to what had been said already concerning the accelerated flow of capital and technical assistance to the developing countries. However, the present situation called for a thorough analysis and for appropriate action based on the findings of that analysis in order to decrease the drain of capital from the developing countries. The final report of the group of experts on the measurement of the flow of assistance and long-term capital should deal also with the outflow of capital from the developing countries and it should contain recommendations on measures to be adopted. For that reason he fully supported draft resolution A/C.2/L.898.

18. His Government, like those of the great majority of Member States, had always favoured the establishment of a United Nations capital development fund. The fund should be open to all States wishing to contribute to and participate in its work. The best way to establish it would be by the gradual transformation of the Special Fund component of the United Nations Development Programme (UNDP).

Mr. Boiko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

19. Mr. MARTIN WITKOWSKI (France) said that his delegation, which had supported Economic and Social Council resolution 1183 (XLI), would vote for draft resolution A/C.2/L.905. Draft resolution A/C.2/L.898 dealt with an important problem and the sponsors had rightly wished to facilitate its solution. Nevertheless, in its present form, it was open to criticism. While it was true that the debt-servicing burden of the developing countries had grown heavier, there was no proof that the outflow of capital from those countries was tending to increase and, to say that it was, prejudged the results of the study requested of the Secretary-General in Council resolution 1184 (XLI).

20. After suggesting that the third preambular paragraph of draft resolution A/C.2/L.898 should be amended to bring it into line with the wording of the seventeenth preambular paragraph of Council resolution 1183 (XLI), he said that his delegation had not had an opportunity to check the accuracy of the opinion expressed by the President of IBRD and was unable to endorse it. Operative paragraph 2 treated all outflows of capital alike and suggested that the systematic limitation of outflows of capital, which would only discourage further investment, was an end in itself. The suggestion was untenable and unwise, for it was dangerous to give credence to the idea that that was a desirable way of accelerating economic

development. Furthermore, it would be premature to request the Secretary-General to submit recommendations when the study called for in Council resolution 1184 (XLI) had not yet been made. He suggested the following text to replace operative paragraph 2:

"Requests the Secretary-General to supplement the work specified in sub-paragraph (a) of the above-mentioned resolution 1184 (XLI) by an analysis of the various techniques whereby Governments can, if appropriate, exercise supervision or control over outflows of capital and to report through the Economic and Social Council, to the General Assembly at its twenty-second session."

The Secretary-General would thus be able to broaden the terms of reference of the Group of Experts who would be required to study the facts and not to make recommendations.

21. Mr. PLAN (Austria) said that an increase in productive investment was one of the conditions for the economic growth of the developing countries, since the rate of growth of production was at least partially dependent on the rate of capital formation. The determining factors were not only the volume but also the composition and form of such investment. During a period of either open or controlled inflation, money lost its function as an accumulator of value, and as the race for liquidity became more intense, money and those financial assets which were expressed in terms of money became increasingly less acceptable. Such a situation was characterized by speculation, the hoarding of goods, gold and foreign currency, and a preference for non-monetary assets. In many countries, the population had had first-hand experience with inflation in all its phases and reacted accordingly.

22. It was impossible to carry out an investment programme based on the optimum allocation of resources in an inflationary climate, in which economic and financial relations were distorted, in which the volume of resources that could be used for productive investment decreased and in which a large percentage of the dwindling savings was directed towards foreign assets. In times of inflation and political uncertainty, the flight of private capital was particularly great in the developing countries; as was urged in draft resolution A/C.2/L.898—which his delegation supported—special attention should be given to that phenomenon, which should continue to be of primary concern to the Committee and other United Nations bodies. Governments which were seriously trying to combat inflation should be given all possible moral and financial support, both bilateral and multilateral. No country could look forward to healthy and sustained economic expansion until it surmounted the disastrous effects of inflation; Austria knew that from its own experience after the Second World War.

23. Because of the low income of their populations, many of the developing countries were finding it difficult to increase their internal savings and found themselves compelled to import foreign capital, both public and private, and in that way to obtain foreign currency, the lack of which was hampering their economic development. It was therefore of the utmost importance for the developed countries to do everything possible to promote and accelerate the flow of public and private capital to the developing countries;

the latter, for their part, could facilitate that process by adopting economic and financial policies aimed at preventing or curbing inflation and by creating a favourable climate for private foreign capital.

24. With those considerations in mind, his delegation would vote for draft resolution A/C.2/L.905, since it endorsed the latter's objectives, and felt that the developed countries should endeavour to achieve them as soon as possible. Some of those countries, owing to their strong economic and financial position, would soon be able to reach and surpass the goal of 1 per cent, while others would take longer. It generally agreed that the conditions for development assistance should be as generous as possible, so as not to increase unduly the debt-servicing burden of the developing countries. Those countries could be charged a maximum interest rate of 3 per cent, which might be considered high in times when money was plentiful but was fairly low in the present period of monetary and financial contraction.

25. He recalled that in 1965 his country's financial assistance to the developing countries had amounted to almost \$50 million, which was nearly twice as much as it had been in 1964. His Government would continue to do everything possible to promote the flow of capital to the developing countries.

Mr. Tell (Jordan) resumed the Chair.

26. Mr. ABE (Japan) said that he would like to make a few comments on the two draft resolutions relating to item 40 and reserved the right to return subsequently to item 38.

27. With respect to operative paragraph 3 (b) (ii) of Economic and Social Council resolution 1183 (XLI), which was to be endorsed by draft resolution A/C.2/L.905, he observed that drastic liberalization of terms might force the donor country to reduce the volume of its aid in order to counterbalance the burden on its budget and balance of payments. That was the situation confronting his country, with high interest rates prevailing in the domestic capital market, limited budgetary resources because of the country's low per capita income, and its still precarious balance-of-payments position. His Government was therefore unable, at the present time, to make any formal commitment to meet the indicated goal within the recommended time-limit, although it was resolved to do everything possible to ease the terms on which it provided assistance. As far as operative paragraph 5 (b) (ii) of the Council resolution was concerned, he wished to reiterate his delegation's basic position, namely, that the United Nations should not serve as a forum for confrontations between the developed and the under-developed countries and for screening the achievements of each country with regard to some particular recommendation; his delegation therefore had serious reservations about the purpose of the study which the Secretary-General was being asked to carry out in paragraph 5, and it reserved its position on that point. Moreover, in spite of all its efforts, his Government was not in a position to commit itself to attaining the goal referred to in paragraph 3 (a) within a specific period.

28. With regard to the substance of the resolution under discussion, he thought that much of the recom-

mendation contained in paragraph 3 and the studies called for in paragraph 5 were of such a nature that it would have been better, in order to avoid duplication and confusion, to deal with the matter in the UNCTAD Committee on Invisibles and Financing related to Trade and then bring it before the Economic and Social Council through the Trade and Development Board. From a drafting standpoint, it seemed strange that the text of the relevant resolution of the Economic and Social Council should have been reproduced in full, whereas the actual operative part amounted to two short paragraphs. He recalled that the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies had recommended that documentation should be as brief and economical as possible; perhaps, therefore, the sponsors should rearrange their preambular paragraphs in the way suggested by the representative of Jordan (1075th meeting).

29. With regard to draft resolution A/C.2/L.898, it was obvious that a study of "reverse flows" would make it possible to obtain a clearer idea of the problems involved in the movement of capital between the developed and the developing countries. It should be noted, however, that at present the available data on reverse flows were notoriously inadequate and that the coverage and accuracy of those data would have to be improved before a useful analysis could be undertaken. The Secretariat was surely aware of that fact, and he was confident that it would not attempt, under operative paragraph 2 of the draft resolution, to draw up a hasty recommendation based on inadequate data.

30. Mr. KADLEC (Czechoslovakia) pointed out that there were inevitably differences in approach to the problem of assistance to the developing countries because of the different socio-economic systems of the donor countries. His Government, for its part, believed that by adapting their economies to the requirements of the international division of labour, the developing countries could help to ensure their economic independence and accelerate their economic progress; in other words, it was essential for them to correct the imbalances which their economies had inherited from the former colonial Powers. Czechoslovakia was taking that need into account in its own economic policy. In spite of its limited surplus resources, it was affording the developing countries bilateral and multilateral assistance which was far from negligible and was doing so on terms which were fully in conformity with the recommendations contained in the Final Act of UNCTAD.^{2/} On the other hand, many countries which boasted of their generous assistance to the developing countries recovered much of that assistance in the form of profits. That was where the additional resources for financing the economic growth of the developing countries were to be found. His delegation was glad, therefore, that draft resolution A/C.2/L.898 requested the Secretary-General to submit a report containing recommendations on possible measures to be taken in order to limit or decrease the outflow of capital from the developing to the developed countries.

^{2/} See *Proceedings of the United Nations Conference on Trade and Development*, vol. I: *Final Act and Report* (United Nations publication, Sales No.: 64.II.B.11).

31. In his opinion, draft resolution A/C.2/L.905 did not take sufficient account of the different attitudes and methods adopted in granting assistance to the developing countries, and particularly of the differences in that respect between the socialist countries and the other developed countries. The indicated goals obviously applied to countries whose traditions and socio-economic systems differed from those of Czechoslovakia; the discussions in the Economic and Social Council had consisted mainly of a dialogue between the developing countries and the advanced countries with market economies. His delegation had been obliged to abstain in the vote in the Council, because it had been unable to accept obligations which were contrary to the principles governing its economy; if the draft now under discussion was put to the vote, it would have to adopt the same course.

32. With regard to the establishment of a United Nations capital development fund, his Government had supported the idea since 1955. In spite of the merger of the Expanded Programme of Technical Assistance and the Special Fund, it was still convinced that the best way to set up that body was to transform the Special Fund component of the UNDP into a capital development fund. With that in mind, his delegation had joined with that of the USSR in submitting amendments to the draft statute for the capital development fund which was to be established through the gradual transformation of UNDP.^{3/} In the meantime, he felt that the scope of UNDP should be broadened to include investment activities, since that would be a more profitable procedure than to continue fruitless negotiations on a United Nations capital development fund. The United Nations Development Programme could undertake a number of pilot projects in the industrial field, in co-operation with UNIDO, without requiring additional resources. On the basis of the experience gradually acquired in that way, it would be possible to compare the effectiveness of investment activities in the proper sense and of pre-investment activities and possibly to plan a better distribution of resources. His delegation was prepared to consider any proposal for establishing a United Nations capital development fund along those lines which took account of the amendments proposed by his country and the USSR to the draft statute of the fund.

33. Mr. Donald MACDONALD (Canada) said that during the past year, following decisions by the Economic and Social Council, UNCTAD and other interested bodies, the vital problem of increasing the flow of international resources for economic and social development had been given intensive study with a view to better adjusting its volume to the needs and capacity of the recipient countries on terms which would allow them to derive maximum benefit from it. The Committee should bear that fact in mind, and its draft resolution should indicate the need for co-operation and shared responsibility between the developed and the developing countries in encouraging economic growth.

34. He recalled that his delegation had voted for Economic and Social Council resolution 1183 (XLI) because it had felt that the resolution suitably expressed the concern felt by a majority of countries and emphasized the need to increase the flow of development resources on easier terms. Nevertheless,

^{3/} See A/AC.102/SR.38.

since it was almost exclusively a reflection of the pre-occupations of the developing countries, Council resolution 1183 (XLI) did not give a balanced picture. For that reason, his delegation had reservations to express on certain provisions, just as it had done in the Economic and Social Council. It supported operative paragraph 3 (a) of the Council resolution urging the developed countries to reach and, if possible, to surpass the target of 1 per cent by the end of the United Nations Development Decade and attached particular importance to the qualifying phrase in that paragraph: "... having regard, however, to the special position of some countries which are net importers of capital".

35. That was precisely the case with his country, which had, however, expanded its aid programme at the rate of \$50 million a year and hoped to continue to do so, if circumstances permitted, until it reached the target of 1 per cent. His delegation's reservations therefore concerned not the target itself but the usefulness of the study of economic factors which the Secretary-General was requested to undertake in operative paragraph 5 (b) (i). It was doubtful whether the study could help significantly to solve the problem of increasing the volume of aid in view of the political nature of that problem. It was hardly possible to reduce the many varied factors affecting donor countries to a single standard that could be used to assess the burden which aid represented for those countries.

36. Although his delegation endorsed operative paragraph 3 (b) (ii), it had misgivings with regard to the terms set out for the granting of aid in the Council's resolution. During 1965, the percentage of aid which his country had provided on those or even more favourable terms had risen from 63 to 76 per cent, almost reaching the target of 80 per cent, and most Government loans were now granted without interest or service charges, with a fifty-year maturity and a ten-year grace period. That part of the resolution thus ignored those countries which had already exceeded the targets, and it might give the unfortunate impression that the conditions set out in that paragraph were applicable to all the developing countries.

37. The question of tied aid had not been dealt with very realistically. It was true that such aid limited the recipient country's freedom of choice, and his Government had significantly altered its practices in that regard. It must, however, be recognized that tied aid would exist for a long time to come, and mutually acceptable solutions should be sought. The creation of any advisory service within the United Nations was not such a solution. The consultative groups and consortia of donor countries already provided effective co-ordinating machinery, and their operation could be improved further with a view to solving some of the problems which had been referred to. At the same time, it was the responsibility of the recipient countries to use exclusively for high-priority projects the credits made available to them. His delegation would not, however, be opposed to studying the feasibility of setting up an advisory service of the kind indicated.

38. His delegation felt that the recommendation in operative paragraph 3 (b) (vii) of the Council resolution concerning the repayment of loans in the form of goods "where such arrangements exist or are practicable" was a reflection of the increasing difficulty encountered

by the developing countries in obtaining foreign exchange. His country, which had a market economy, could not undertake the State trading operations which that recommendation implied.

39. He reiterated his delegation's reservations on all the points on which it had abstained in the vote on Economic and Social Council resolution 1183 (XLI), and particularly on operative paragraph 2 of that resolution. His delegation could not accept the injunction to meet the objectives set out in the recommendations of UNCTAD, since the A.IV series of the recommendations in the Final Act of UNCTAD contained a number of proposals which Canada had been unable to support.

40. His delegation did not feel that Council resolution 1183 (XLI) was balanced in nature, despite its valuable elements, since it stressed almost exclusively the responsibilities of the developed countries. The Committee should also endorse resolution 30 (IV) on development financing adopted at the fourth session of the Trade and Development Board. He suggested that, instead of reproducing them fully in the body of the draft resolution, the text of the Council resolution and that of Trade and Development Board resolution 30 (IV) should be attached as an annex to draft resolution A/C.2/L.905, and that operative paragraph 1 should be amended to read:

"Welcomes Economic and Social Council resolution 1183 (XLI) and Trade and Development Board resolution 30 (IV), annexed to this resolution."

If that was done, the draft resolution would afford a broader view of the decisions taken in that field during the year and of the joint action required in future.

41. He reserved the right to speak later on the question of the establishment of a United Nations capital development fund.

42. Mr. LOUYA (Democratic Republic of the Congo) said that the flow of capital to the developing countries had shown a tendency to decline since 1965. At the same time, there had been a marked increase in the outflow of capital from the developing to the developed countries. His delegation felt that a basic, lasting solution must be found to that difficult problem. While it was aware that action to promote economic development must be primarily domestic, his delegation recognized that the contribution of foreign capital was an essential factor. It regretted, in that connexion, that it had not yet been possible to attain the goal of 1 per cent of the national incomes of the economically advanced countries which was fixed in General Assembly resolution 1522 (XV).

43. Apart from that quantitative goal, his delegation was concerned at the quality of the capital flow, some of which seemed designed more to bolster the economy of the donor countries than to increase the productive capacity of the recipient countries. He therefore hoped that the countries which published their balance-of-payments would improve the detailed presentation so as to permit assessment of the quality of the flow.

44. His delegation also felt that bilateral aid should be increasingly granted under the auspices of a multi-lateral body, and it therefore supported the idea of transforming the Special Fund element of UNDP into a United Nations capital development fund. In view of

the satisfactory results so far achieved by UNDP in the field of pre-investment, it was reasonable to suggest that that body should henceforth also deal with direct investment, which, from a strategic standpoint, was the most important sector for the development of the under-developed countries. The essential point, however, was that the industrialized countries should be prepared as a matter of policy to make further contributions to UNDP which would permit it to finance investment projects without impairing its pre-investment activities.

45. His delegation saw no reason to withhold support from draft resolution A/C.2/L.905, which was aimed at reducing the outflow of capital from the developing countries. It would have no difficulty in supporting draft resolution A/C.2/L.898, provided that improvements were made in the wording of the third pre-ambular paragraph and operative paragraph 2.

46. Mr. AMMAR (Tunisia) pointed out that despite the appreciable efforts of most of the developing countries to reform their economic structures and make more effective use of capital, the objectives of the United Nations Development Decade with regard to financial and technical assistance to those countries had not been achieved. On the contrary, the flows of capital and technical assistance were slowing down.

47. Those were the considerations underlying draft resolution A/C.2/L.905, of which his delegation was a co-sponsor and which reproduced Economic and Social Council resolution 1183 (XLI). In the latter resolution it was recalled that the basic problem was not the capital absorption capacity of the developing countries but the shortage of capital for development purposes. The resolution also acknowledged the efforts of the developed countries in development financing, efforts which his country duly appreciated and from which it benefited under bilateral agreements with countries having different economic systems and, in the case of multilateral aid, through UNDP, IBRD and the International Development Association. Nevertheless, such aid was still inadequate and poorly adapted to the needs of the beneficiary countries and sometimes involved such complicated procedures as to render it unusable. To avail themselves of certain loans, the developing countries were often required to purchase commodities at prices well above the market, and that made the loans less advantageous than the fairly low rates of interest and the comparatively long repayment periods would indicate. His country had endeavoured to devise, with the help of its partners, more flexible solutions better adapted to its needs, and although much remained to be done it ought to be possible, if all parties showed goodwill and if the suggestions contained in the Council resolution were followed, to achieve the objectives of the Development Decade and accelerate the economic and social development of the countries of the Third World.

48. With regard to form, the sponsors of draft resolution A/C.2/L.905 could admittedly have been content with a very short text which merely mentioned resolution 1183 (XLI), but they had considered the latter so important that they had thought it worthwhile to reproduce the text in full. That was why they were unable to accept the Jordanian amendments.

49. The disturbing situation created by the growing burden of servicing loans was further aggravated by the fact that some countries were having recourse to export loans or suppliers' loans in order to finance their development projects. While the policy of combining public loans and suppliers' loans could, in certain cases, serve the immediate interests both of the industrialized countries which were exporters of capital goods and of the developing countries, what the latter needed most at the present stage was nevertheless long-term, low-interest loans. It was because of its concern about the increased debt-servicing burden and the outflow of capital that his delegation had also co-sponsored draft resolution A/C.2/L.898, which endorsed Economic and Social Council resolution 1184 (XLI) and requested the Secretary-General to submit recommendations on possible measures to be taken to decrease the outflow of capital from the developing to the developed countries.

50. He regretted that the United Nations did not yet have a capital development fund, despite General Assembly resolution 1521 (XV) and despite various debates and reports on that subject. It had not even been possible to win acceptance for the compromise solution whereby the pre-investment activities of UNDP would be progressively converted into investment activities. The existing international finance institutions had neither the resources nor the structures necessary for meeting more adequately the needs of the developing countries. For that reason his delegation would support the proposal to establish a United Nations capital development fund, even if that fund had very limited resources at the outset. The capital development fund could receive contributions from all who supported the principle of multilateral financial aid, provided concurrently with bilateral aid, in order to meet the extensive needs of the developing countries.

51. Mr. GALLARDO MORENO (Mexico) supported draft resolution A/C.2/L.905. He thanked the representative of Panama for agreeing (1077th meeting) to allow the discussion of his interesting draft resolution (A/C.2/L.902), which required close study, to be postponed to the next meeting. As for draft resolution A/C.2/L.898, the Mexican delegation could see nothing constructive in operative paragraphs 2 and 3 (b); it was opposed to those paragraphs and requested a separate vote on them. If by the "outflow of capital from the developing... countries" the sponsors meant the problems of profits on foreign investment, debt servicing, technical assistance and capital goods purchases, the question was amply dealt with in draft resolution A/C.2/L.905, which also suggested some solutions. If, on the other hand, they were referring to the consequence of domestic situations, that was a problem for each country to deal with, and his delegation could not agree that the Secretary-General should be asked to make recommendations on the subject.

52. As for inflation, with which more or less all countries were familiar, that problem was further complicated by the interdependence of all countries and by the fact that it obeyed the law of communicating vessels. Most countries had practised a policy of moderate inflation for the sake of development. At some sacrifice, Mexico had achieved reasonable price

stability and established a free exchange system over ten years ago. Action must be taken to check the tragic depreciation of currencies and the deterioration of terms of trade.

53. His delegation doubted the advisability of appropriating large sums of money for the creation of a United Nations capital development fund which the developed countries refused to support, an attitude which seemed unlikely to change for the present. Attempts could perhaps be made to modify it in the future, by demonstrating that there were urgent high priority programmes ignored by the existing international and regional bodies.

54. Mr. CHAMMAS (Lebanon) said that the primary concern of the developing countries was the net volume of capital inflow. Draft resolution A/C.2/L.898 had the merit of tackling the problem of the movement of capital from the developing to the developed countries. However, several delegations had objected to the use in operative paragraph 2 of the word "recommendations"; his delegation hoped therefore that the sponsors would consider deleting the words "containing recommendations" in that paragraph. The movement of capital referred to was not necessarily harmful; where the outflow represented the repayment of loans granted on favourable terms, it testified to the solvency of the recipient countries and hence encouraged further investment. The amendment proposed by the French representative did not seem to correspond exactly to the aims of the sponsors, who really wanted the Secretary-General to consider the measures to be taken in order to limit or decrease outflows of capital which were detrimental to development. He therefore proposed that the phrase "Whenever such an outflow becomes harmful to the development objectives of the developing countries;" should be added at the end of paragraph 2.

55. His delegation would support draft resolution A/C.2/L.905, and was glad that its sponsors had included the complete text of Economic and Social Council resolution 1183 (XLI). As to the creation of a capital development fund, he reserved the right to speak on that subject later.

56. Mr. DIAKITE (Mali) said that on gaining their independence the developing countries had had to undertake a fundamental reform of their economic and social infra-structure in order to cope with the problems arising from the cessation of certain former economic and commercial flows. In order to expand the major sectors, they had had to take steps which had led to economic imbalances, including inflationary pressures due to the very rapid expansion of demand. The restrictions placed by the public authorities on the consumption of certain luxury goods led to a speculative rise in the price of those goods. That type of inflation resulting from austerity measures could be found in all economies which were attempting to put themselves on a sound footing. Inflation was in such cases a long term stimulant of economic growth; but it must not be maintained since it could give rise to more serious imbalances. Accordingly, total demand, prices and wages must be rigorously controlled so as to co-ordinate their fluctuations. That type of inflation could not be corrected by increasing imports of consumer goods, for while such imports might

temporarily re-establish the balance of supply and demand, they did not increase productive capacity. For that reason, the developing countries gave priority to imports of capital goods. The same process had taken place immediately after the Second World War in Western Europe, which under the Marshall Plan had received not only consumer goods but, above all, funds and capital goods with which to rebuild its economic infra-structure. The primary task of the developing countries was to develop their production cycle, at least in the sectors in which optimum conditions prevailed.

57. It would be particularly regrettable if private capital were to turn its back on the developing countries, which were experiencing a balance-of-payments deficit that was perfectly natural in a period of economic development. Such a policy was not only mistaken but dangerous, inasmuch as it was the true cause of the serious crisis in development aid. At least the major international financial institutions should avoid falling into that error of diagnosis and behave differently, especially since the very reason for their existence was to assist economic development. They should take into account the material and human resources of the developing countries, their growth possibilities and the measures adopted by their public authorities to achieve a balance between resources and the uses made of them. But above all, the institutions in question must realize that inflationary tendencies were in such cases merely the logical consequence of the will to recovery which existed in the developing countries, and must be judged from a long-term point of view, since they would eventually be absorbed in the general process of economic growth.

58. Mr. ONKELINX (Belgium) said that his delegation could not support draft resolution A/C.2/L.898 in its present form. It considered the proposal to confer on the Secretary-General a mandate as wide as that envisaged in operative paragraph 2 unreasonable, and did not see how the Secretariat could formulate recommendations on possible measures to be taken in order to decrease the outflow of capital from the developing countries before the problem had been thoroughly investigated. His delegation favoured amendment A/C.2/L.906, but would be prepared to accept a text drafted in the spirit of Economic and Social Council resolution 1184 (XLI), in other words, simply requesting the Secretary-General to carry out the survey in question, which should cover the problem of the outflow of capital from the developing countries in all its aspects, including investments made abroad with capital originating in the countries in question.

59. With regard to draft resolution A/C.2/L.905, he reminded the Committee that Belgium had not been a member of the Economic and Social Council when resolution 1183 (XLI) was adopted. His delegation had not yet decided on its attitude to the draft resolution, but had the following observation to make. The second preambular paragraph contained a reference to General Assembly resolution 2088 (XX), to which Belgium had previously expressed several reservations that still held good. With regard to the seventh preambular paragraph, the truth of the statement that the poorer countries were capable of absorbing between \$3,000 million and \$4,000 million more each

year had yet to be convincingly demonstrated. The International Bank for Reconstruction and Development had not indicated the methods of financing which would make such a process of absorption possible. Furthermore, the sixteenth preambular paragraph, while its strictures on tied aid were in some cases justified, appeared somewhat too strongly worded. In any case, it was not his Government's practice to grant tied aid in the strict sense of the term. It tried at times to prevail upon the recipient countries to obtain their supplies in Belgium, but only where the material and equipment could not be found in the recipient country and where the prices, quality and delivery dates of the firms involved were competitive. The provisions of operative paragraph 3 (b) (vii) and (viii) were open to serious reservations, since the national legislation of the countries concerned would hardly allow them to be carried out. Even if some Governments could accept commitments of that kind with regard to outflows of capital, they would be unable to impose them on private capital exporters. As to operative paragraph 5, it was not clear how the service envisaged could be set up and made to function efficiently. As to sub-paragraph (b) (ii) of the same paragraph, it was indeed curious to request the Secretary-General to undertake a study on the implementation of a recommendation made by an inter-governmental organization and originally addressed only to the members of that organization.

60. Although convinced that it would be misleading and even dangerous to adopt a resolution without being aware of the limits of its application, his delegation nevertheless subscribed to the aims set forth in the preamble. Belgium's efforts in financial co-operation were equalled by those of few countries. In absolute terms, Belgium came sixth in transfers of capital to the developing countries, and the amount of its transfers in 1965 had exceeded the target of 1 per cent. While some stabilization of capital flows had become apparent during recent years, the donor countries had nevertheless made every effort to adjust and rationalize their institutions and instruments for co-operating in development, which was bound to be stimulated by that improvement in the quality of assistance. If combined with a more advanced organization of the "receiving structures" in the developing countries, it would enable the recipients and the suppliers of capital to co-operate more closely in future.

61. Mr. Mohamed AL-ATRASH (Syria) announced that Burundi, Uganda and Jamaica had joined the sponsors of draft resolution A/C.2/L.898. He was grateful to the Jordanian representative for having withdrawn his amendment. He agreed with the Peruvian representative that the measures to limit the outflow of capital should be taken by the Governments concerned themselves. However, it would be useful to suggest measures to limit the outflow of national private capital, the application of which would enhance growth efforts. Furthermore, as the representative of the United Arab Republic had indicated, the object was also to limit the outflow of public capital, namely debt-service payments, and that required international co-operation. He saw no reason to cast doubt, as the French representative had done, on the validity of the view of the President of IBRD, which had just been

confirmed by the Secretary-General of UNCTAD. The tendency for the capital outflow from the developing countries to increase was a logical result of the rapid increase in the debt-servicing burden. In the circumstances, the sponsors of the draft could not accept the amendment submitted by the French delegation, for the techniques whose consideration that amendment proposed would apply only to outflows of private capital. The sponsors accepted the first Lebanese amendment to operative paragraph 2, namely the deletion of the words "containing recommendations". However, some of the sponsors were unable to accept that representative's second amendment. He asked the sponsors of the amendment in document A/C.2/L.906 not to press that amendment to a vote.

62. Mr. ABERKANE (Algeria), speaking on behalf of the sponsors of draft resolution A/C.2/L.905, said that what they mainly desired was that the General Assembly should endorse Economic and Social Council resolution 1183 (XLI), which was a vital contribution to the promotion of economic development. It was understandable that there should still be reservations regarding some provisions of that text since they would inevitably disturb certain acquired habits. Although Council resolution 1183 (XLI) had been the subject of hard negotiation, it had nevertheless been adopted with only three abstentions. The Japanese representative had criticized the form of the draft under consideration on several grounds. However, the text was one which the Secretariat had considered entirely acceptable. The aim of the sponsors had not been to transform the United Nations into a forum in which the developed countries would be pitted against the developing countries, but rather to ensure co-operation between the two groups of countries. The Jordanian representative's proposal to delete a part of the preamble of the Council's resolution would in fact destroy the balance of that text. With regard to the Canadian representative's suggestion that reference should be made to resolution 30 (IV) of the Trade and Development Board, he felt that it would be unwise to insert in the draft a mere reference to that resolution after having quoted the Council's resolution in extenso.

63. Mr. FERNANDINI (Peru) said that, in asking the sponsors of the amendment in document A/C.2/L.906 to withdraw their proposal, the Syrian representative had not suggested any alternative text. Consequently, the sponsors were obliged to maintain their amendment since the measures proposed involved the sovereignty of the States concerned.

64. Mrs. KODIKARA (Philippines) said that her delegation, although it had some reservations with regard to the fact that Economic and Social Council resolution 1183 (XLI) was incorporated as the preamble of draft resolution A/C.2/L.905, had become a co-sponsor of the two draft resolutions. She wished, moreover, to point out an inconsistency in draft resolution A/C.2/L.905: some of the donor countries were in fact already granting terms more favourable than those requested in the Council resolution.

65. Mr. OLSEN (Denmark), referring to draft resolution A/C.2/L.905, said that Economic and Social Council resolution 1183 (XLI) was on the whole a step forward and incorporated ideas which had long

formed part of the Danish policy on development. The representative of Sweden had already expressed the reservations of the Scandinavian countries with regard to sub-paragraph (a) of operative paragraph 3 of that resolution, and he merely wished to make a statement concerning the transfer of capital from Denmark to the developing countries which might be considered a reply to the representative of Ghana. The latter had concluded from document E/4170/Add.2 that, in 1965, Denmark had made the terms for its assistance more stringent. Since that time, however, the situation had taken a very different turn. As the Danish delegation had stated at the beginning of the session, in the general statements (1031st meeting), his country's expenditure for the benefit of the developing countries for the financial year 1966-1967 would be 85 per cent higher than that for the preceding financial year, and the Danish Government intended to continue that increase still further in the years to come. Most of the increase had been accounted for by bilateral aid, through which procedure his Government had in the first seven months of 1966 granted the developing countries long-term loans exceeding \$14 million with considerable periods of grace and no interest charges.

66. His delegation would vote in favour of draft resolution A/C.2/L.905.

67. Mr. CHAMMAS (Lebanon) said he believed that his delegation's amendment to operative paragraph 2 of draft resolution A/C.2/L.898 took precedence over amendment A/C.2/L.906. He proposed that the paragraph in question should be put to the vote separately. If his delegation's amendment was rejected, the Committee would be able to take a decision as to the deletion of the paragraph in question.

68. Mr. FERNANDINI (Peru) seconded the proposal of the representative of Lebanon.

69. Mr. GALLARDO MORENO (Mexico) requested a separate vote on sub-paragraph (b) of operative paragraph 3 of draft resolution A/C.2/L.898.

70. Mr. MARTIN WITKOWSKI (France) requested a separate vote on the second preambular paragraph of draft resolution A/C.2/L.898.

71. The CHAIRMAN invited the Committee to vote on the draft resolution concerning external financing of economic development of developing countries (A/C.2/L.898 and Add.1 and Add.2/Corr.1).

The second preambular paragraph was adopted by 69 votes to none, with 10 abstentions.

The Lebanese oral amendment to operative paragraph 2 was adopted by 27 votes to 5, with 47 abstentions.

Operative paragraph 2, as amended, was adopted by 72 votes to 7, with 10 abstentions.

Sub-paragraph (b) of operative paragraph 3 was adopted by 62 votes to 2, with 8 abstentions.

The draft resolution, as a whole, as amended, was adopted by 73 votes to none, with 10 abstentions.

72. Mr. ONKELINX asked for a separate vote on sub-paragraphs (b) (vii) and (viii) of operative paragraph 3 of the Economic and Social Council resolution incorporated in draft resolution A/C.2/L.905.

73. Mr. KAUL (India), speaking on a point of order, pointed out that a resolution of the Economic and Social Council could not be put to the vote in parts.

74. The CHAIRMAN invited the Committee to vote on the draft resolution concerning the flow of external resources to developing countries (A/C.2/L.905 and Add.1 and 2).

The draft resolution, as a whole, was adopted by 74 votes to none, with 8 abstentions.

The meeting rose at 7.15 p.m.

United Nations
GENERAL
ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1079th
MEETING

Tuesday, 29 November 1966,
at 10.50 a.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEMS 38, 40 AND 42

Establishment of a United Nations capital development fund: report of the Committee on a United Nations Capital Development Fund (continued) (A/6303/Add.1, chap. II; A/6418, A/6459)

Accelerated flow of capital and technical assistance to the developing countries: report of the Secretary-General (continued) (A/6303, chap. V, sect. I; A/6461, E/4170 and Add.1 and 2 and Add.2/Corr.1, E/4171 and Corr.1, E/4189 and Corr.1 and 2, E/4240)

Inflation and economic development: report of the Secretary-General (continued) (A/6303, chap. III, sect. I and chap. XVI, sect. VIII; A/6424, E/4152 and Corr.1)

1. Mr. FRANZI (Italy) said that his delegation had voted in favour of the two draft resolutions (A/C.2/L.898 and Add.1 and Add.2/Corr.1, A/C.2/L.905 and Add.1 and 2) as a whole, in order to express its support for any studies which might help to increase the volume and improve the terms of financial assistance. It also had voted for the Lebanese amendment to operative paragraph 2 of the document A/C.2/L.898, but had abstained in the separate votes on that paragraph, as amended, and operative paragraph 3 (b), because it shared the concern expressed by a number of delegations about the possibility that those provisions might be prejudicial to national sovereignty.

2. His Government, while continuing to explore the possibilities of an increase in the volume of its

assistance and, in particular, an improvement in the terms under which loans were granted to the developing countries, regretted that it could not enter into any commitment on that subject because of the enormous damage caused by the recent floods in certain regions of Italy.

3. Mr. MARTIN WITKOWSKI (France) said that, although his delegation had voted in favour of draft resolution A/C.2/L.898 as a whole, considering it politically acceptable, it had abstained in the vote on the second preambular paragraph because it referred to a "fact" which was not proved. It had also abstained on operative paragraph 2, as amended, because the vagueness of the amended text might give rise to difficulties.

4. His delegation had voted for draft resolution A/C.2/L.905, on the understanding that its vote did not imply approval of all the provisions of Economic and Social Council resolution 1183 (XLI) which was reproduced in that document. At the forty-first session of the Council, his delegation had abstained in the vote on several preambular paragraphs, particularly the sixteenth which deprecated tied aid although the tying of aid did, in some circumstances, have a number of advantages for both recipient and donor countries.

5. On that occasion it had also abstained in the vote on sub-paragraphs (vii) and (viii) of operative paragraph 3 (b), because it considered the inclusion of those provisions inadvisable and because they would deprive the donor countries of the opportunity of taking constructive action themselves. His delegation had abstained on operative paragraph 5 (b) of the Council resolution because it considered it improper to ask the international financial institutions to supervise the implementation of the recommendations of another United Nations body; it also believed that, if the Council was the appropriate organ to deal with the flow of resources to developing countries, it should continue to do so and broaden the scope of its studies, as required.

6. Mr. GALLARDO MORENO (Mexico) said that his delegation had voted in favour of draft resolution A/C.2/L.905 as a whole, because it endorsed the very useful suggestions contained in the Council resolution. It had, however, voted against operative paragraphs 2 and 3 (b) of draft resolution A/C.2/L.898, since they would not produce constructive results. The continuing study of the flow of resources was bound to cover the outflow of capital from the developing countries and some progress had already been made on such matters as the re-scheduling of debts; in any event, no sovereign State wished to be told what action it should take to achieve stability. His delegation

also considered that, at a time when the organs of the United Nations system were endeavouring to rationalize their operations, requests for additional reports should be avoided wherever possible.

7. Mr. ABE (Japan) said that his delegation had voted in favour of draft resolution A/C.2/L.898; the observations it had made on the original version of operative paragraph 2 still applied to the amended text.

8. His delegation had also voted for draft resolution A/C.2/L.905, subject to his Government's reservations on operative paragraphs 3 and 5 of the Economic and Social Council resolution reproduced in that document.

9. Sir Edward WARNER (United Kingdom) said that his delegation had voted in favour of draft resolution A/C.2/L.905, subject to the reservations expressed in its statement at the Committee's 1077th meeting. It had abstained on draft resolution A/C.2/L.898 for the reasons then given.

10. Mr. RWAMAVUBI (Burundi) said that his delegation had supported the aims of draft resolution A/C.2/L.898 throughout, since it believed that the studies proposed would do much to bring about a better relationship between the donors and recipients of development capital and thus contribute to international peace and co-operation.

11. Mr. SVENNEVIG (Norway) said that the amendment made to operative paragraph 2 of draft resolution A/C.2/L.898 had made it possible for his delegation to vote for that paragraph. His delegation believed that the word "capital" in operative paragraphs 1 and 2 was used in the same sense as in sub-paragraph (a) of the operative part of Council resolution 1184 (XLI). The sponsors had obviously not intended the proposed recommendations to have the effect of creating uncertainty about obligations voluntarily accepted or the sovereignty of countries to be infringed. His delegation had therefore voted in favour of the draft resolution as a whole. It had also voted for draft resolution A/C.2/L.905, despite some minor reservations, because of his Government's belief that the tying of aid was generally undesirable.

AGENDA ITEM 94

Development of natural resources (concluded)

ADOPTION OF THE DRAFT REPORT OF THE COMMITTEE (A/C.2/L.903)

12. Mr. REISCH (Austria), Rapporteur, introduced the draft report of the Committee on agenda item 94 (A/C.2/L.903).

13. The CHAIRMAN suggested that the Committee should adopt the report.

The draft report (A/C.2/L.903) was adopted.

AGENDA ITEM 37

United Nations Conference on Trade and Development: report of the Trade and Development Board (continued) (A/6303/Add.1, chap. I; A/6315, A/6501, A/C.2/L.907)

14. Mr. KARMARKAR (India) said that his delegation had had an opportunity to state its views in

detail on the various aspects on the activities of the Trade and Development Board and its subsidiary bodies both during the meetings of those bodies as well as in his delegation's statement in the Second Committee (1031st meeting) and more recently in the resumed forty-first session of the Economic and Social Council (1451st meeting). He, therefore, proposed to confine his statement to a few introductory remarks to the text of the draft resolution A/C.2/L.907 which he introduced on behalf of the sponsors. He announced that Ghana should be included in the list of sponsors.

15. The draft resolution was divided into three parts. Parts A and B dealt with subjects which received detailed consideration in the Trade and Development Board during the year under review. At the fourth session, the Board had devoted considerable attention to the first annual report of the Secretary-General of UNCTAD entitled "Review of International Trade and Development 1966",^{1/} which contained an exhaustive analysis of recent trends in the field of trade and development. Although both the contents of the report as well as its thorough discussion in the Board could be described as satisfactory, the same could not be said about the end result of the discussions. The developing countries had drawn up a document summarizing the main trends of the Secretary-General's report and suggested future action before the second session of the Conference. Unfortunately, due to the negative attitude adopted by the Western delegations, it was not possible to have a detailed dialogue at the Board based on a document prepared by the developing countries. The developing countries, therefore, had to content themselves with the submission of a memorandum containing their views.^{2/} His delegation hoped that the consideration of the draft resolution which incorporated most of the ideas contained in the memorandum would lead to the kind of dialogue which had not been possible at the Board.

16. In the preamble of part A, after recalling previous decisions and discussions, concern was expressed at the lack of progress on the implementation of the recommendations of the first session of UNCTAD,^{3/} in the various fields, and the need for greater political will and a significant change in the policies of developed countries. In the operative paragraphs of part A, after reiterating the call for urgent action to implement the recommendations of the first session of UNCTAD, a programme of action was suggested in operative paragraph 3 which could be undertaken between now and the second session of the Conference. The subjects included in that paragraph were those on which action could be reasonably expected during the next year. Most of the developed countries referred to the progress they felt could be made in the immediate future in regard to some of those questions. For example, it was widely agreed that international arrangements could be concluded in respect of commodities of immediate concern, such as sugar and cocoa. It should also be possible to take urgent action

^{1/} TD/B/82 and Corr.1 and Add.1 and 2 and Add.2/Corr.1-4 and Add.3 and Add.3/Corr.1 and Add.4.

^{2/} TD/B/108.

^{3/} See Proceedings of the United Nations Conference on Trade and Development, vol. I: Final Act and Report (United Nations publication, Sales No.: 64.II.B.11).

to reduce, if not to eliminate, tariff and non-tariff barriers to the exports of developing countries and to agree upon schemes relating to preferences and supplementary finance. Expansion of trade among developing countries also deserved urgent attention and required efforts both on the part of the developing as well as developed countries. The draft resolution also emphasized the urgent need for increasing the volume of assistance to developing countries and for improving its terms and conditions as recommended in the Final Act of UNCTAD.

17. Part B of the draft resolution dealt with the second session of UNCTAD. The discussions in the fourth session of the Trade and Development Board on this subject were more fruitful and it has been possible after inter-group discussions to draw up a draft provisional agenda. However, since the draft was to receive further consideration at the future sessions of the Board and its subsidiary bodies, it had not been felt desirable to make any reference to the draft resolution which was confined to a statement of the broad objectives of the second session of the Conference and the need for adequate preparatory work. There was happily general agreement among all delegations on the ideas expressed in the preamble, namely, the urgent need for implementation of the recommendations of the first session of UNCTAD, the desirability of concentrating on a limited number of fundamental and specific subjects, the need for drawing up specific programmes of action by means of negotiations and the need for adequate preparatory work. In the operative part of the draft, the attention of all concerned was drawn to those objectives and the preparations which would be necessary. The dates of the Conference had been left blank, because although the Board had made a definite recommendation, it was understood that there was some move for a revision in those dates and it was felt necessary to wait for a consensus to develop.

18. In part C, two important subjects had been included on which the General Assembly should pronounce, namely, technical assistance activities and international monetary issues. As regards the former, the draft resolution sought to endorse the recommendations which had been accepted unanimously by the Board. The part dealing with monetary issues referred to the memorandum of the developing countries on the subject, submitted to the Committee on Invisibles and Financing related to Trade^{4/} and emphasized the need for developing countries to participate adequately both in the discussions regarding new monetary reform arrangements as well as in the arrangements themselves.

19. The draft resolution was of vital importance to both developing and developed countries and the sponsors hoped that the discussions would be in a spirit of compromise and understanding and would lead to the unanimous adoption of the resolution.

20. The CHAIRMAN noted that, in the French text, the dates of the second session of UNCTAD had inadvertently been included in part B of the draft and should be deleted.

21. Mr. HAMEED (Ceylon) said that his delegation, which had originally intended to submit a draft reso-

lution on international monetary issues dealt with by UNCTAD, fully supported draft resolution A/C.2/L.907 and particularly part C. The Committee would be in a position not only to assess progress since the 1964 Conference but also to define the main issues in preparing the second session of the Conference. While there had been some specific achievements in the matter of aid since the first session of the Conference, progress in trade had been slow. But even the progress registered in providing aid during the past year had consisted largely in advancing the Conference's work on supplementary finance and international monetary issues.

22. Developing countries were in urgent need of adequate international liquidity, which had been defined as all the resources available to a country for the purpose of meeting balance-of-payments deficits. That need arose from a number of factors, including increased production and trade, structural changes in demand, economic and trade policies of advanced countries, inward-looking policies of regional economic groupings and accelerated problems of development.

23. The shortage of international liquidity was due to three basic factors. First, the supply of liquid reserves had grown more slowly than the demand for them generated by expanded world trade and payments. Secondly, the process of creating reserves had ultimately resulted in difficulties for the reserve centres themselves, since reserves could be created for the world economy only from the payments deficits of the reserve centres. To the extent that creditor countries insisted on converting liquid claims into gold and that reserve currencies were sold on the exchange markets, problems arose for the countries creating primary liquidity. Thirdly, the developing countries felt that the entire responsibility for adjusting any imbalance in international payments was thrust upon debtor countries.

24. The developing countries clearly had serious liquidity problems, arising from fluctuations in their export earnings through variations in output or prices, and from minor errors in forecasting the balance of payments or unforeseen shortfalls in industrial production. Those drawbacks forced developing countries to intensify their import restrictions and even extend them to essential imports. The problem of liquidity shortages therefore required an urgent solution. Unfortunately, the specific proposals contained in the report of the Expert Group entitled: International Monetary Issues and the Developing Countries^{5/} had yet to be implemented, and the debate on international liquidity in the International Monetary Fund (IMF) had not resulted in any constructive action. Moreover, the discussions within the Expert Group had been regrettably exclusive, and the Ceylonese delegation strongly endorsed the view contained in the report of the Committee on Invisibles and Financing related to Trade^{6/} that decisions regarding international monetary reform must in fairness be taken within a framework which facilitated the broadest possible international participation. Although the Group of the Ten member

^{4/} See TD/B/57, annex I.

^{5/} United Nations publication, Sales No.: 66.II.D.2.

^{6/} TD/B/57 and Add.1 and 2.

countries of IMF which joined in the General Arrangements to Borrow, in its communiqué of July 1966,^{2/} had stated that arrangements for decision-making should reflect the interest of all countries in the smooth working of the international monetary system, and the particular responsibility of a limited group of major countries with a key role in the functioning of the international monetary system, a majority of its members had favoured a two-stage procedure whereby proposals would first be considered and decided upon by the members of the limited group before being submitted to the appropriate body of IMF. The Ceylonese delegation believed that that procedure would be inequitable and that all countries prepared to accept the obligations and benefits of the new arrangements should be represented in all discussions and decisions. Although the informal meetings to be held between the Executive Directors of IMF and the deputies of the Expert Group were to be welcomed, similar discussions between IMF and UNCTAD should be held if the proposals of the Expert Group were to be implemented. Ceylon therefore welcomed the statement by the Managing Director of IMF that informal discussions with groups other than the Expert Group would be useful and could probably be arranged.

25. Mr. GALLARDO MORENO (Mexico) said that during the first year of its operations UNCTAD had been mainly concerned with organization; during its second year and particularly during the third and fourth sessions of the Trade and Development Board the first fruits of its labours had begun to appear. In the primary commodity markets, UNCTAD had sought to uphold the principles approved at the first session of the Conference. Its attempt to reach an international cocoa agreement had failed because of the attitude of certain industrialized countries. It was to be hoped that the countries which had opposed the machinery approved by the majority at the United Nations Cocoa Conference would reconsider their positions and put into practice the principles proclaimed by all delegations in UNCTAD recommendation A.II.1. The consultations on sugar organized by the Secretary-General of UNCTAD had continued during the year with the aim of achieving a fair solution to the delicate problems involved.

26. In accordance with the decisions taken by the first session of the Conference and the first session of the Trade and Development Board, UNCTAD was the universal forum for discussing problems related to the organization of primary commodity markets. The jurisdiction of UNCTAD in that respect must be respected by those industrialized countries now contemplating international schemes relating to sugar, cereals and possibly other primary commodities.

27. The Conference had also been dealing with the problems involved in the marketing of manufactures and semi-manufactures. During the past year, it had defined its relationships with the United Nations Industrial Development Organization (UNIDO) and the contribution which it could make towards implementing the recommendations of UNIDO would be-

come increasingly important. The Committee on Manufactures had set up a joint UNCTAD/FAO *ad hoc* working party to deal with forest and timber products. That was to be the first of a series of groups which would study the prospects for various products manufactured by the developing countries.

28. While such developments had been encouraging, progress in the establishment of a system of preferences for the benefit of the developing countries had been disappointing. During the fourth session of the Trade and Development Board it had become clear that the Group on Preferences was unable to reach effective conclusions because the industrialized countries of the Organization for Economic Co-operation and Development had failed to define their positions in spite of the ample time at their disposal. Some observers felt that the time was drawing near when an agreement on preferences could be achieved and that certain industrialized countries would accept such a system. He hoped that that impression was correct.

29. In the past year, UNCTAD had been studying international monetary problems, including schemes for supplementary financing and a plan for lowering the interest paid by developing countries on loans. The Conference should also give immediate attention to the financing of buffer stocks of raw materials subject to international agreements. It had initiated a study of the level and structure of maritime freight rates which, it was to be hoped, would throw light on the best ways of adapting the present shipping services of the developing countries to the requirements of their export trade.

30. The Conference had made considerable progress in eliminating unnecessary meetings. It had also begun to prepare for its second session. That session must be used for negotiation and not for restating positions already known. At its next session, the Board must study carefully the draft agenda and make sure that all the items offered the possibility of negotiation. Only by avoiding general debate and concentrating on specific topics could the second session of the Conference make headway towards the solution of the problems identified and studied at length by the subsidiary bodies of the Board.

31. Mr. BRADLEY (Argentina) proposed that the second session of the Conference should be held from 1 February to 25 March 1968 and that part B, operative paragraph 1, of draft resolution A/C.2/L.907 should so specify. Already there was grave concern about the proposal to hold the second session in the autumn of 1967. At that time the Second Committee of the General Assembly would be considering trade and other economic problems, the Governors of the International Bank for Reconstruction and Development and of the International Monetary Fund would be meeting, and the Contracting Parties to the General Agreement on Tariffs and Trade would be concluding their Kennedy Round. It seemed most unwise to schedule all those meetings at the same time. The second session of the Conference would be much more likely to succeed if it had time to reflect on the

^{2/} TD/B/93.

results of all those different meetings. The postponement would also give the Secretariat and the Trade and Development Board more time for preparation and, far from harming the prestige of UNCTAD,

would in fact strengthen it by helping to make it more successful.

The meeting rose at 12.25 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

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SECOND COMMITTEE, 1080th
MEETING

Tuesday, 29 November 1966,
at 3.10 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 37

United Nations Conference on Trade and Development: report of the Trade and Development Board (*continued*) (A/6303/Add.1, chap. I; A/6315, A/6501, A/C.2/L.907 and Corr.1, A/C.2/L.909)

1. Mr. WILMOT (Ghana), introducing draft resolution A/C.2/L.909, stated that, while it seemed unlikely that the consultations on cocoa, resumed at the request of the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD), would lead to an agreement before the end of the year, it was essential to reach agreement at least before the start of the 1967-1968 crop year. Those consultations must, therefore, proceed as quickly as possible to permit the early resumption of the Conference. The draft resolution listed the various points that a satisfactory agreement on cocoa ought to cover, and he hoped that it would be adopted unanimously.

2. Mr. HOGENDORP (Netherlands) noted that the specific achievements of UNCTAD since its establishment had not been particularly impressive. There was, however, no cause for concern, since UNCTAD was still a very young organization and had already done good by exercising a considerable influence on public and private thinking and drawing attention to the close relationship between world development and international trade.

3. If the performance of UNCTAD was to be improved in the future, the reasons why its achievements hitherto had been rather disappointing would have to be analysed. In the first place, as the Secretary-General of UNCTAD had emphasized, its various organs met too often, and the meetings programme would have to be concentrated on the examination of priority questions. In the second place, the decision-

making process was too slow and a continuous dialogue would have to take place between developed and developing countries to speed it up. As his delegation had suggested at the fourth session of the Trade and Development Board, the existing system of group consultations tended to make positions rigid, and there should be informal encounters between members of different groups simultaneously with the group meetings. Those informal encounters should begin at the start of a meeting and not only towards the end. In the third place, the scope of UNCTAD's activities was too broad to allow it to achieve practical results rapidly. The work programme of the various UNCTAD bodies should concentrate on a limited number of highly significant problems, having regard to carefully balanced priorities and the prospects of achieving results quickly. In that connexion, his delegation looked forward to the second session of the Conference and appreciated the offer made by the Government of India to act as host. Moreover, UNCTAD had not been fully productive so far, perhaps, because the real consequences of the close relationship between development and trade had not yet been fully accepted. All States must recognize the need for reshaping the pattern of world economy, particularly the economic structure of the developing countries and the pattern of national expenditure in the developed countries.

4. His country was trying to work out an integrated long-term development policy and attached great importance to the systematic preparation of a world development policy in future years. The Conference could play a significant part in that connexion, on condition that its action was based not on antagonistic group interests but on a spirit of real international co-operation for the solution of the development problem, a problem which was common to all peoples, rich or poor, in the modern world.

AGENDA ITEM 41

Activities in the field of industrial development (continued) (A/6433):*

- (a) Report of the Committee for Industrial Development (A/6303, chap. VI, sect. I-III; A/6303/Add.1, chap. III; E/4203, A/C.2/L.904);
- (c) Confirmation of the appointment of the Executive Director of the United Nations Organization for Industrial Development

5. Mr. MURAYA (Kenya), introducing the ten-Power draft resolution (A/C.2/L.904), recalled that under the United Nations Charter one of the main objectives of the United Nations was to promote a higher standard of living, full employment and conditions con-

*Resumed from the 1067th meeting.

ductive to economic and social progress and development. The attainment of that objective was of concern primarily to the developing countries whose economy was, in fact, developing very little and to attain it they must establish an industrial basis to complement the agricultural sector which had so far been their main source of foreign currency. The sponsors of the draft resolution were convinced that the indispensable contributions of capital and skilled manpower that the implementation of the industrial programmes required were not enough. It was also vital to have exchanges of ideas and experiences in order to make the developing countries keenly aware of the problems involved in industrialization and thus to stimulate their initiative and imagination. He noted, with reference to operative paragraph 3, that the Industrial Development Board had not yet been elected, and hoped that the General Assembly would rectify that omission as soon as possible.

6. Mr. AHMED (Pakistan) recalled that the organization of an International Symposium on Industrial Development had been on the agenda of the Economic and Social Council since 1963. The various regional symposia had made it possible to identify a number of problems, and the Economic Commission for Asia and the Far East (ECAFE) had already established permanent machinery to deal with industrial development. The success of the Symposium would, however, require very thorough preparatory work both by the participating States and by the international organizations concerned. The Symposium to be held in Athens would be a full-scale international conference on industrial development. It would certainly make far-reaching recommendations, which the United Nations Industrial Development Organization (UNIDO) would not fail to put to good use. It was therefore important to appoint the Executive Director of UNIDO very soon and to choose its headquarters site. The representatives of the United States and Italy had rightly pointed out that that matter could be settled at the current session of the General Assembly.

7. His delegation supported the draft resolution under consideration, but would like to replace the words "resolution 1180 (XLI)" in the third preambular paragraph, by the words "resolutions 1180 (XLI) and 1185 (XLI)".

8. Mr. FRANZI (Italy) recalled that, during the discussion in the General Assembly, at its 1468th plenary meeting, of the draft report of the Second Committee on agenda item 41 (b), the Italian delegation invited the Secretary-General to appoint the Executive Director of the new Organization as soon as possible. Despite the fact that the resolution concerning UNIDO had been adopted by the Second Committee a month previously, the post of Executive Director had not yet been filled and it was therefore difficult to request UNIDO to give the preparation of the International Symposium on Industrial Development all the necessary attention. He recalled in that connexion that the Secretary-General of UNCTAD had been appointed eighteen months before the first session of the Conference. He proposed that the Committee should, after adopting the draft resolution, again call upon the Secretary-General to appoint the Executive Director as soon as possible.

9. Mr. Mohamed AL-ATRASH (Syria) agreed with the representatives of Pakistan and Italy that the Secretary-General should appoint the Executive Director of UNIDO as soon as possible so that the appointment could be endorsed by the General Assembly before the end of the session.

10. Mr. SAHLOUL (Sudan) shared that view. He recalled that many delegations would like to see the post given to the Commissioner for Industrial Development and hoped that the General Assembly would ratify that choice.

11. Mr. PLAN (Austria) stressed the importance of making the experience of industrial development available to the developing countries. That would be a long-term undertaking and his delegation was convinced that the International Symposium would make a great contribution to industrial development in the countries of the Third World. He agreed that the Executive Director of UNIDO should be appointed and the Industrial Development Board elected at the present session.

12. Mr. MAKEEV (Union of Soviet Socialist Republics), speaking on behalf of the socialist group of countries, submitted a certain number of oral amendments to draft resolution A/C.2/L.904.

13. In keeping with the spirit of General Assembly resolution 2089 (XX) establishing UNIDO, he proposed the insertion, in the fourth preambular paragraph after the words "aimed at", of the words "strengthening international co-operation in the field of industrial development and", and in operative paragraph 4, of the words "inter alia" after the words "aimed at". The words "the Governments of States Members of the United Nations or members of the specialized agencies and the International Atomic Energy Agency" in operative paragraph 2 should be replaced by the words "the Governments of all interested States".

14. His delegation shared the concern of many delegations at the delay in the appointment of the Executive Director of UNIDO, which was preventing that Organization from taking an effective part in the preparation of the Symposium. It requested the Chairman to inform the Secretary-General of the consensus of opinion in the Committee with regard to the appointment of the Executive Director.

15. Mr. GEORGE (France) supported draft resolution A/C.2/L.904. He pointed out, with reference to the fourth preambular paragraph, that in the interest of international co-operation, the Symposium should avoid political controversy and concentrate on formulating technical recommendations. The reference to the existence of UNIDO in operative paragraph 3 was timely. He endorsed the opinion of those who had reminded the Committee of the necessity of proceeding rapidly to the appointment of an Executive Director; that step should be followed by the selection of a headquarters site and the election of the members of the Industrial Development Board.

16. Mr. M'BAYE (Guinea) reminded the Committee that, in his general statement (1042nd meeting), his delegation had paid a tribute to Mr. I. H. Abdel-Rahman for the competence with which he had done his work. If UNIDO was properly to serve as a

centre for co-ordinating industrial development efforts, its Executive Director must be appointed as soon as possible.

17. Mr. OMEISH (Libya) expressed the hope that the Executive Director of UNIDO would be appointed soon and that the General Assembly would confirm the choice of Mr. Abdel-Rahman.

18. Mr. ROOSEVELT (United States of America) supported draft resolution A/C.2/L.904. The USSR amendments would tend to weaken the contribution that the Symposium could make to the industrialization of the developing countries by having it give attention also to co-operation among developed countries in that field. He hoped that the USSR delegation would not press its amendment to operative paragraph 2. He reiterated his delegation's wish to see the Executive Director of UNIDO appointed during the present session.

Mr. Boiko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

19. Mr. DELGADO (Senegal) said that he supported draft resolution A/C.2/L.904 and would have done so even more readily if decisions had been taken regarding the headquarters of UNIDO, the election of the members of its Industrial Development Board, and the appointment of its Executive Director. He agreed with all those who had asked the Chairman to inform the Secretary-General of their concern at the delay in appointing the Executive Director. He hoped that the Committee would soon have before it a report on the facilities and services required for UNIDO's headquarters.

20. Mr. LORENZO FERNANDEZ (Brazil) said that he approved of the draft resolution but would like to add a sixth operative paragraph reading as follows:

"Requests the regional economic commission to co-operate actively in the preparatory work of the Symposium and formulate to Member Governments and to UNIDO the suggestions and recommendations which they may deem advisable in the light of the experience at the level of their respective regions."

It was essential to make maximum use of the vast experience of the regional economic commissions, which had a very close knowledge of their respective regions and whose collaboration would enhance the Symposium's chances of success.

21. He agreed with the representatives who had expressed the hope that the Executive Director of UNIDO would be appointed soon.

22. Mr. VLADOV (Bulgaria) said that he endorsed the remarks and proposals of the USSR representative. He too hoped that the Chairman would draw the Secretary-General's attention to the Committee members' wish to see Mr. Abdel-Rahman appointed Executive Director of UNIDO as soon as possible. He welcomed the offer of Greece, a neighbour of Bulgaria, to act as host to the Symposium. With reference to the United States representative's comments on the USSR amendment, he stressed the need for international co-operation in industrialization, in accordance with the position taken by the Committee.

23. Mr. BILIMATIS (Greece) said that it would be easier for Greece to perform its duties as host to the Symposium if Mr. Abdel-Rahman was appointed Executive Director of UNIDO at the present session.

24. Mr. FILALI (Morocco) supported the draft resolution and thanked Greece for its offer to act as host to the International Symposium. The Committee should retain the valuable Brazilian amendment, which completed the draft resolution. He hoped that Mr. Abdel-Rahman would be appointed Executive Director of UNIDO as soon as possible. The members of the Industrial Development Board should then be elected and a decision taken on the site of UNIDO's headquarters, for which the Committee did not yet have all the necessary data.

25. Mr. DJOUDI (Algeria) said that he supported the draft resolution. The success of the Symposium depended on several factors, including consideration of the recommendations of various regional symposia, in particular that held at Cairo, the appointment of the Executive Director of UNIDO and the selection of the headquarters site. Operative paragraph 3 gave UNIDO special responsibility in the organization of the Symposium. He joined with the previous speakers, and in particular the representative of Bulgaria, in requesting the Chairman to convey to the Secretary-General the Committee's wish that Mr. Abdel-Rahman should be appointed Executive Director of the new Organization.

26. Mr. SADI (Jordan) suggested that, in the new paragraph proposed by the Brazilian representative, the words "and the United Nations Economic and Social Office in Beirut" should be added after the words "regional economic commissions".

27. Mr. BESY (Madagascar) said that he fully supported draft resolution A/C.2/L.904. The Symposium fulfilled the expectations of the developing countries, for which industrialization was the key to economic advancement. The preparatory work was therefore of especial importance. The United Nations Industrial Development Organization must be given all the necessary facilities and, in particular, its Executive Director must be appointed as soon as possible and a decision must be taken regarding its headquarters, which should, if possible, be in a highly industrialized European country.

28. Mr. VILFAN (Yugoslavia) supported the draft resolution, thanked Greece for its offer to act as host to the Symposium and joined with the other representatives in asking that Mr. Abdel-Rahman should be appointed as soon as possible to the post of Executive Director of UNIDO. The USSR amendments to operative paragraph 2 were consistent with the attitude adopted by Yugoslavia on many occasions. He approved of the Brazilian amendment, with the modification proposed by the Jordanian representative.

29. Mr. KHANACHET (Kuwait) said that he supported the nomination of Mr. Abdel-Rahman as Executive Director of UNIDO. Kuwait, which had recently acted as host to the Conference on Industrial Development for the Arab States, was particularly interested in the success of the International Symposium on Industrial Development.

30. Mr. KADRY (Iraq) supported the draft resolution and reminded the Committee that his delegation had already stated its position on the matter in the Council. He thanked the Greek Government for its offer to act as host to the International Symposium. He thanked Mr. Abdel-Rahman for his important contribution to industrial development and hoped that he would be appointed Executive Director of UNIDO.

31. Mr. PEREZ GUERRERO (Venezuela) reminded the Committee that from the very beginning, in the Economic and Social Council and the General Assembly, his delegation had supported the idea of organizing the International Symposium, which he hoped would be a success. He joined with the other representatives in requesting the Chairman to inform the Secretary-General of their wish that Mr. Abdel-Rahman, to whose competence and dedication he paid a tribute, should be appointed Executive Director of UNIDO as soon as possible.

Mr. Tell (Jordan) resumed the Chair.

32. Mr. DELGADO (Senegal) proposed that, in the Brazilian amendment, the words "and the inter-governmental organizations concerned with industrialization" should be added after the words "the regional economic commissions". The Brazilian representative had, moreover, already agreed to the change.

33. Mr. FRANZI (Italy) said that he hoped that the Committee would manage to reach an agreement on draft resolution A/C.2/L.904 at the present meeting. There was already a consensus on the appointment of Mr. Abdel-Rahman to the post of Executive Director of UNIDO.

34. The CHAIRMAN said that he would convey the wishes of the Committee to the Secretary-General, although he was certain that the latter was aware of the necessity of appointing an Executive Director as soon as possible.

35. He proposed that the meeting should be suspended so that the sponsors of the draft resolution could complete their consultations with the sponsors of the various amendments.

The meeting was suspended at 5.5 p.m. and resumed at 5.20 p.m.

36. Mr. MURAYA (Kenya) said that after studying the amendments and sub-amendments to draft resolution A/C.2/L.904, the sponsors of the resolution had decided to accept the amendment to the fourth preambular paragraph proposed by the Soviet representative. However, they could not accept the latter's amendment to operative paragraph 2 and hoped that he would not press for a vote on it.

37. The amendment proposed by the representative of Brazil and amended by the representatives of Jordan and Senegal, as well as by the sponsors of the resolution with the approval of the representatives of the specialized agencies and the International Atomic Energy Agency (IAEA), would form a new operative paragraph 4, while the original paragraphs 4 and 5 would become paragraphs 5 and 6. The new paragraph read as follows:

"Invites the specialized agencies, the International Atomic Energy Agency, the regional economic commissions, the United Nations Economic and Social Office in Beirut and other inter-governmental organizations concerned to co-operate actively in the preparatory work of the Symposium."

38. Lastly, the sponsors had agreed to the Soviet representative's amendment to the new paragraph 5.

39. He hoped that the draft resolution, as amended, would be adopted unanimously. He announced that Brazil and the Netherlands had joined the list of sponsors.

40. Mr. NEDIVI (Israel) said that his delegation, in keeping with its customary position, could not agree to any reference being made to the Beirut Office. Moreover, in the present instance the proposed text was inaccurate since the Office was not an inter-governmental organization, as the Committee's Secretary would no doubt be able to confirm. He therefore suggested that the sponsors of the draft resolution should delete the word "other".

41. Mr. KITTANI (Secretary of the Committee) thought that the word "other" could be justified inasmuch as the specialized agencies and IAEA were inter-governmental organizations. However, he felt that if the sponsors had no objection the word could be deleted, especially since the regional economic commissions, as United Nations bodies, were not inter-governmental organizations in the strict sense.

42. Mr. KAUL (India) expressed the hope that the draft resolution, as amended, would be adopted unanimously. He was pleased that Athens had been chosen as the site of the International Symposium on Industrial Development.

43. His delegation agreed that the Executive Director of UNIDO should be appointed as soon as possible and that the Secretary-General could not make a better choice than to appoint the Commissioner for Industrial Development to that post.

44. Mr. MAKEEV (Union of Soviet Socialist Republics), speaking on behalf of the delegations of the socialist countries which had proposed amendments to the draft resolution, thanked the sponsors for accepting those amendments which made the resolution more compatible with the interpretation that had been put forward at the time of the adoption of the resolution establishing UNIDO.

45. However, the delegations in question greatly regretted that the sponsors had been unable to accept their amendment to operative paragraph 2, which, being based on the principle of the universality of the United Nations, had been intended to make the Symposium truly international and to enable all States that wished to do so to give the participants the benefit of their experience in industrial development. Since the discussions at the Symposium were meant to be primarily technical in nature, as had already been pointed out, it was difficult to see why certain States which might have considerable experience in the field should be excluded. The delegations of the socialist countries therefore wished to maintain their amendment, although they would revise it in the hope of making it more acceptable to the sponsors of the

resolution. They proposed the addition, after the words "International Atomic Energy Agency", of the phrase "and all other interested States". If the sponsors were unable to accept that new amendment, the delegations of the socialist countries would be obliged, for reasons of principle, to request that it should be put to the vote.

46. Mr. Mohamed AL-ATRASH (Syria) said that the reason why it had not been possible to incorporate the Soviet amendment into the draft resolution was that some of the sponsors had been unable to accept it.

47. Mr. BRADLEY (Argentina) said that his delegation was no more able to accept the Soviet Union's new amendment to operative paragraph 2 than it had been able to accept the first.

48. Mr. FORTHOMME (Belgium) thought that there was a contradiction between the fourth preambular paragraph of the draft resolution, as it was now worded, and the new operative paragraph 5. Either the International Symposium would consider the problems involved in the industrialization of the developing countries—and the wording of paragraph 5 fitted that concept—or it would study the problems of industrialization in all countries, including Belgium. In that case, paragraph 5 should refer to the policies now mentioned in the fourth preambular paragraph.

49. Mr. ROOSEVELT (United States of America) requested a separate vote on the fourth preambular paragraph, as amended. As he had already stated, his delegation hoped that the International Symposium would deal mainly with the industrialization of the developing countries. The new wording of the fourth preambular paragraph might have the effect of involving the Symposium in lengthy discussions on co-operation between developed countries. If the sponsors of the draft resolution were willing to take that risk, his delegation would have no objection, but it wished to abstain in the vote on the paragraph in question.

50. The CHAIRMAN invited the Committee to vote on the ten-Power draft resolution (A/C.2/L.904).

51. He first put to the vote the amendment to operative paragraph 2 proposed by the Soviet representative.

At the request of the Belgian representative, the vote was taken by roll-call.

Jordan, having been drawn by lot by the Chairman, was called upon to vote first.

In favour: Mongolia, Poland, Romania, Sudan, Syria, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, Yugoslavia, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Chad, Czechoslovakia, Hungary, Iraq.

Against: Madagascar, Malaysia, Malta, Mexico, Netherlands, New Zealand, Norway, Paraguay, Peru, Portugal, South Africa, Spain, Sweden, Thailand, Togo, Trinidad and Tobago, Turkey, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, China, Colombia, Denmark, Dominican Republic, Finland, France, Greece, Guatemala, Haiti, Iceland, Ireland, Israel, Italy, Japan.

Abstaining: Jordan, Kenya, Kuwait, Lebanon, Liberia, Libya, Morocco, Nigeria, Pakistan, Philippines, Saudi Arabia, Senegal, Tunisia, Uganda, United Arab Republic, United Republic of Tanzania, Algeria, Cameroon, Ceylon, Congo (Democratic Republic of), Ecuador, Ethiopia, Ghana, Guyana, India, Iran, Ivory Coast.

The amendment was rejected by 41 votes to 16, with 27 abstentions.

52. The CHAIRMAN invited the Committee to vote on the fourth preambular paragraph, as amended.

The fourth preambular paragraph was adopted by 73 votes to none, with 11 abstentions.

The draft resolution, as amended, was adopted unanimously.

53. Mr. MAKEEV (Union of Soviet Socialist Republics) said that although he objected to the discriminatory wording of operative paragraph 2, he had voted for the draft resolution as a whole. He thought it regrettable that the Committee had rejected an amendment whose only purpose had been to affirm the truly international character of United Nations activities.

The meeting rose at 6.5 p.m.

United Nations
GENERAL
ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1081st
MEETING

Wednesday, 30 November 1966,
at 10.45 a.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 37

United Nations Conference on Trade and Development: report of the Trade and Development Board (*continued*) (A/6303/Add.1, chap. I; A/6315, A/6501, A/C.2/L.907 and Corr.1 and Add.1, A/C.2/L.909 and Add.1, A/C.2/L.911)

1. The CHAIRMAN announced that Indonesia and Senegal were co-sponsoring the draft resolution A/C.2/L.907.

2. Mr. MURGESCU (Romania) noted that no effective steps had been taken to solve the problems defined at the first session of the United Nations Conference on Trade and Development (UNCTAD). Despite some partial agreements, the situation of the primary exporting countries had not changed. The countries which had embarked on industrialization still found it difficult to market their manufactures. The various recommendations of the first session of the Conference^{1/} had been conceived as integral parts of a new policy for accelerating economic development through more international trade, but the disappointing results indicated that there might perhaps have been too wide a dispersal of efforts. The second session of the Conference should therefore concentrate on fewer and more specific areas in which practical steps could be taken.

3. The Romanian delegation attached great importance to the need to agree on principles governing international trade relations and trade policies conducive to development. However, at successive sessions, the Trade and Development Board had deferred consideration of that matter and it was unlikely that progress would be made at its fifth session. While that question had been included in the provisional agenda of the second session of the Conference, the Romanian delegation reserved the right to bring it before the General Assembly again, depending on the outcome of the Conference.

4. Another area in which the Board had made little headway towards fulfilling the hopes of developing

countries was that of trade relations between countries having different economic and social systems. What was generally called "East-West trade" also affected the developing countries and indeed world economic relations as a whole, and the second session of the Conference should endorse recommendations to ensure closer and continuing co-operation between the Board and the regional economic commissions.

5. Another important aspect of economic and social development, to which a number of specialized agencies were devoting particular attention, was technical training in the trade field, which formed part of the broader problem of utilization of human resources. A broad exchange of views and experience on technical training in such areas as exports, advertising, transport and international insurance should therefore be held at the second session of the Conference.

6. Romania's experience of bilateral agreements with both developed and developing countries had shown the value of new forms of economic, industrial and technical co-operation in expanding trade, and an exchange of views at the second session of the Conference between countries with similar experience could help in defining practical methods of stimulating international trade through similar multilateral agreements.

7. The Romanian delegation would support any suggestions which would help the second session of the Conference to make international trade an effective instrument for accelerating economic development.

8. Mr. ELM (Iran) said that, despite the aims of United Nations resolutions and recommendations on economic matters, the results had been disappointing and it was time for action. In that connexion, the activities of certain States left the impression that the idea of development was not yet fully accepted. Hence, there was a need for the international community to agree on common principles.

9. The developing countries' memorandum^{2/} on the implementation of the recommendations of the first session of UNCTAD indicated that the recommendations had hardly been implemented at all: those countries' share of world trade had declined, barriers against their exports had remained, and their heavy debt-servicing burden had increased. Furthermore, the flow of financial assistance to them was, with very few exceptions, far below the 1 per cent target set by UNCTAD recommendation A.IV.2. The developed countries appeared to be doing nothing to support the efforts of developing nations to accelerate their economic growth, and the foreign aid extended by some advanced States was completely inconsistent

^{1/} See *Proceedings of the United Nations Conference on Trade and Development*, vol. I: *Final Act and Report* (United Nations publication, Sales No.: 64.II.B.11).

^{2/} TD/B/108.

with development needs and objectives. Such "aid" involved heavy interest and instalment payments on loans. In the case of Iran such payments had totalled \$535 million over the past ten years, against total loans received of \$604 million. Adverse terms of trade also had serious repercussions on the economies of developing countries: not only did the prices of their imports rise while those of their exports fell, but they were also often compelled to subsidize heavily to keep their exports competitive.

10. The developing countries appeared to benefit less from the present trade and assistance policies of the industrialized countries than did the latter themselves. The aid granted by developed countries enabled them to expand their exports in the developing countries and to maintain full employment at home, and they also derived great benefit from the favourable terms of trade. Moreover, the industrialized countries were able to make use of the skills of personnel trained at the expense of the developing countries.

11. It was therefore not surprising that many developing countries were despairing of assistance from abroad and might eventually be driven into isolation and autarky. A new approach to international trade and economic assistance was therefore required from the industrialized countries, whose largest potential markets were in the developing countries. Developed and industrialized countries should become partners in a new comprehensive economic development plan which would be in the long-term interests of all mankind.

12. The developed countries often claimed that domestic problems prevented them from providing more assistance, but those problems often arose because of their resistance to structural change. For example, a more equitable international division of labour would not only relieve inflation and labour shortages in the developed countries, but also provide new markets for the products of developing countries. With regard to international liquidity, the action taken by the Group of the Ten member countries of the International Monetary Fund (IMF) which joined in the General Arrangements to Borrow, had resulted in a tight international money market, making it increasingly difficult for developing countries to borrow abroad. The balance-of-payments difficulties of developed countries did not arise from trade relations with developing countries, and even the assistance granted by those with trade surpluses was inadequate.

13. Once all countries believed in an integrated world economy, there could be a better understanding of international economic problems and the degree of priority to be accorded to them. It was therefore to be hoped that, at the second session of the Conference, the developed countries would show their political determination to solve outstanding problems of international economic co-operation.

14. The Iranian delegation fully supported draft resolution A/C.2/L.907 and emphasized the need to implement the recommendations of the first session of UNCTAD. Steps should be taken to increase the flow of financial assistance to the developing countries, to reduce their debt burdens, to establish a

system of untied loans and to institute a scheme of supplementary financing. In addition, steps should be taken to reform the international monetary system, to lower or eliminate trade barriers, to conclude international commodity arrangements and to give the developing countries a fair share in international trade and access to markets. Besides the full mobilization of human and financial resources, structural and institutional changes would be required to accelerate the economic growth of developing countries. There was no place for isolation in a rapidly changing world, and economic development could only be achieved through interdependence and partnership.

Mr. Boiko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

15. Mr. LEKONGA (Democratic Republic of the Congo) observed that the outstanding feature of the economy of developing countries was their dependence on foreign trade; their reliance on primary exports was the chief cause of under-development. The first requirement of any programme for improving the economic structure of developing countries was therefore to secure the co-operation of all countries in reforming international trade. The very sound recommendations on that subject made by the first session of UNCTAD had, however, gone largely unheard, and it was his delegation's hope that recognition of that fact by the General Assembly would engender the political will to implement those recommendations.

16. His delegation welcomed the inclusion in the draft provisional agenda for the second session of UNCTAD (A/6315, part two, annex A, resolution 34 (IV)) of an item on the reform of the international monetary system. The current problems of international liquidity were of particular concern to the developing countries and should be discussed in a forum in which those countries could be associated with any decisions that were made on the creation of additional liquidity and the possibility of linking it with the financing of development. The agenda item on supplementary financial measures would permit discussion of the study by the International Bank for Reconstruction and Development on supplementary financing ^{3/} to offset export shortfalls, which was not altogether satisfactory since it required applicant countries requiring urgent assistance to exhaust a number of other possible sources of financing before approaching the Bank. Moreover, to be useful, any such scheme, should provide for assistance in situations caused by other unforeseen circumstances, such as variations in the cost of freight or insurance.

17. In conclusion, his delegation was gratified that the draft provisional agenda showed the determination of the Trade and Development Board to ensure that the second session of the Conference would concentrate on the problems of implementing UNCTAD recommendations, rather than on points of principle.

18. Mr. UGGELDAHL (Finland) said that the work of UNCTAD was approaching a decisive phase: the results of the second session of the Conference would,

^{3/} Supplementary Financial Measures, A Study Requested by the United Nations Conference on Trade and Development—1964 (International Bank for Reconstruction and Development, Washington, D.C., December, 1965).

in fact, show whether UNCTAD was going to develop into a truly effective body or whether insignificant progress and lack of co-ordination would continue to characterize its operations. The secretariat was clearly doing its share of the preparatory work most competently and the success of the second session would therefore be dependent on the determination of member States to come to the Conference with an open mind and an awareness of their responsibilities. There was general agreement that it would be wise to concentrate during the second session on issues on which the gap between principle and implementation was narrow; the important thing, in any event, was not to repeat the mistakes of the first session of UNCTAD and to strive for agreed practical decisions.

19. One of the most important items on the draft provisional agenda was that relating to supplementary financial measures. An example of the significant progress that had been achieved in that respect was the Study prepared by the Bank;^{3/} a number of important matters remained to be settled, however, including the way in which the necessary funds were to be raised, the system of assessing contributions, the special needs of developed countries which were net importers of capital and the kind of statistical methods to be used for assessing the need for the facility. In connexion with the proposed item referring to international commodity trade, his Government believed that fluctuating prices represented a more acute problem than trade barriers raised by developed countries; it recognized the need to create new demand by lowering those barriers, however, and would in the near future reduce tariffs on some thirty tropical products. It was to be hoped that the sizable measure of agreement already reached on commodity arrangements would result in the conclusion of an international agreement on cocoa before the second session of UNCTAD.

20. The discussion of trade expansion and economic integration among developing countries would provide an opportunity for developed countries to make a real contribution to the success of the second session of UNCTAD. His country, for instance, had derived great benefits from its co-operation with its Nordic neighbours, both at the national level and within such bodies as UNCTAD and the General Agreement on Tariffs and Trade, and was willing to pass on the benefits of its experience to others.

21. Mr. NEDIVI (Israel) said that his delegation supported both of the draft resolutions (A/C.2/L.907 and A/C.2/L.909). He wished, however, to ask the sponsors of draft resolution A/C.2/L.907 to consider some suggestions. In part A, for example, it seemed inconsistent to have a series of preambular paragraphs describing the lack of progress towards implementation of UNCTAD recommendations followed by a final paragraph noting a growing awareness in the world of the economic problems of developing countries; the text of the preamble might be recast so as to make that paragraph refer only to the need to take urgent measures to solve those problems. His delegation strongly supported the principle that the developing countries should be associated with any arrangements for international monetary reform and therefore be-

lieved that part C, operative paragraph 3, should be worded in less general terms, as follows:

"Recommends the participation of the developing countries in the discussions concerning new arrangements for international monetary reform, as well as in the operation of such arrangements." (A/C.2/L.911.)

Mr. Tell (Jordan) resumed the Chair.

22. Mr. LOBANOV (Union of Soviet Socialist Republics) said that much of the responsibility for the very slow progress made towards implementing the recommendations of the first session of UNCTAD was attributable to the policies of neo-colonialism pursued by imperialist countries, which were seeking to retain the favoured position which their monopolistic private enterprises had formerly enjoyed in the newly independent countries. It was universally recognized, for example, that the artificial restriction of trade affected the trade and development of all countries, whether or not they were the direct object of such measures, yet trade barriers persisted and had, in some cases, been raised higher. Discrimination still prevailed in world trade: the United States was an example of a country which not only created obstacles to the development of world trade but sought to persuade others to adopt its own discriminatory policies.

23. It was begging the issue to suggest, as one speaker had done, that only so-called "realistic" recommendations of UNCTAD should be pressed; the recommendations as a whole constituted the framework of international trading relations as they should be and as the entire international community should want them to be, and the readiness of States to implement them was the criterion of their genuine attachment to international co-operation.

24. The trade policies of the Soviet Union were governed by respect for the sovereign equality of States and the principle of mutual advantage. It had become the fifth largest trading nation of the world and attached particular importance to its trade with the developing countries. In the first half of 1966, its trade with fifty such countries had been more than 30 per cent higher than in the same period of 1965 and their share in the trade of the USSR had grown from 15.7 per cent to 20 per cent over the same period. That part of his country's trade was, in fact, increasing much faster than its over-all trade. Long-term trade agreements had been concluded with a number of developing countries and it was expected that the number of such agreements would continue to grow. It should be noted that all those agreements provided for the purchase of manufactures and semi-manufactures from the developing countries and that the goods supplied by the USSR were mainly the machinery and other capital goods so urgently needed for development programmes. Moreover, his country had concluded a number of agreements on scientific, technical and economic co-operation with developing countries.

25. The Soviet Union's five-year plan for 1966-1970 provided for increased economic co-operation with the developing countries. Under that plan, the Soviet Union would export to them more machinery and industrial goods and import from them greater amounts

of raw materials and manufacturers. It also planned to step up its technical assistance to them, particularly in industrialization, agriculture, science and technology, construction, means of communication, mineral prospecting and the training of specialists. It would purchase from them not only such traditional exports as cotton, wool, oil and tropical products but also the manufactures of their new industries, with a view to strengthening their economic independence.

26. The Soviet Union had strengthened its trade relations with the other socialist countries and with other industrialized countries such as the United Kingdom, Japan, Italy, France and Sweden. Finland had become its most important trading partner in Western Europe. The agreements on economic and technical co-operation which the Soviet Union had signed with Italy and France were the first of their kind.

27. Although trade between the Soviet Union and the capitalist countries had grown, the tempo of growth could be accelerated. Unfortunately, there was still a number of restrictions impeding East-West trade. The closed economic groupings of Western Europe had a negative effect, while some Western countries imposed higher duties on goods from the USSR and indulged in other forms of discrimination against that country for purely political motives. The increase on East-West trade would therefore depend on the policies followed by the trading partners of the Soviet Union in Western Europe. At the Twenty-third Congress of the Communist Party, in March 1966, the Soviet Union had proclaimed its intention of expanding its trade with those capitalist countries which were ready to co-operate.

28. The second session of UNCTAD must apply itself to the most important problems of international trade and to the consolidation of the results of the first session. It must learn from the mistakes of the past. Its primary objective must be the transformation of international trade into a powerful accelerator of economic development, a tool of international understanding and a means of strengthening peace. It must seek to normalize international trade in all respects. It must establish a fairer international division of labour in accordance with the Joint Declaration made by the seventy-seven developing countries at the conclusion of the first session of UNCTAD.^{4/}

29. The first session of UNCTAD had laid down conditions for the reorganization of international

trade and, in resolution 2085 (XX), the General Assembly had recognized the historical significance of the first session of UNCTAD, its importance for the furtherance of the principles of the United Nations Charter and advancement towards a new dynamic trade and development policy. The second session should, as many developing countries had recommended, become a conference of action and achievement.

30. At the fourth session of the Trade and Development Board, the Soviet Union delegation had agreed with the developing countries that the second session of UNCTAD should pay close attention to the results achieved in implementing the recommendations of the first session and should analyse the progress of world trade since 1964. It had also supported their request that the second session should deal with specific problems likely to help the developing countries attain economic independence and well-being. Such specific problems should include the normalization of trade in primary commodities, the diversifications of the crops, economies and exports of developing countries, new markets for their manufactures, the strengthening of their industrial sectors, the increase of their share in international trade and the acceleration of their economic growth.

31. The first session of UNCTAD had made a good start in laying down the principles that should govern international trade and those principles should be one of the main topics at the second session. They had been stressed in General Assembly resolution 2085 (XX) and also by the representative of the Democratic Republic of the Congo.

32. Since the problems to be tackled at the second session were of interest to all countries, it should not be confined to States Members of the United Nations or to members of UNCTAD. All countries willing to make a contribution should be allowed to attend.

33. The international monetary system should be reformed and, in particular, international liquidity should be increased by raising the price of gold. Such a move would help to increase international trade and to boost the exports of and assistance to developing countries. Monetary reform should not be left to limited groups but should be discussed in UNCTAD.

34. His delegation was sure that, if the second session of UNCTAD concentrated on consolidating the results of the first, it would be a success. The Soviet Union would actively contribute to that end.

The meeting rose at 12.40 a.m.

^{4/} See *Proceedings of the United Nations Conference on Trade and Development*, vol. I: Final Act and Report (United Nations publication, Sales No.: 64.II.B.11), third part, annex B.I.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1082nd
MEETING**

Wednesday, 30 November 1966,
at 3.20 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 37

United Nations Conference on Trade and Development: report of the Trade and Development Board (continued) (A/6303/Add.1, chap. I; A/6315, A/6501, A/C.2/L.907 and Corr.1 and Add.1, A/C.2/L.909 and Add.1, A/C.2/L.911)

1. Mr. VILFAN (Yugoslavia) thought that the report of the Trade and Development Board on its fourth session (A/6315, part two) showed that the success of the second session of the United Nations Conference on Trade and Development (UNCTAD) would largely depend on what was done during its preparatory phase. The second session of the Conference in 1967 could not be successful unless it was part of UNCTAD's continuing efforts to put the recommendations of the first session of the Conference^{1/} into effect. That was why the developing countries were already insisting that additional implementation measures should be taken. If the results achieved in that connexion were unsatisfactory, UNCTAD might become an organization concerned primarily with study. His delegation did not minimize the importance of study but believed that UNCTAD's basic function should be the implementation of specific trade and development measures. The whole of part A of draft resolution A/C.2/L.907 dealt with the implementation of the recommendations of the first session of the Conference, and the developed countries were urged to take the action outlined in operative paragraph 3 before the second session of the Conference. It was common knowledge that, at the twentieth session of the General Assembly, most delegations had expressed the view that the Assembly need not discuss specific problems falling within

UNCTAD's frame of reference. Owing to the slow progress made, it was now felt that the General Assembly could and should propose specific measures, in order to speed up the implementation of the recommendations of the first session of the Conference.

2. The Secretary-General of UNCTAD had drawn attention to the fact that no meaningful measures had been taken to liberalize imports to the developed countries of products from the developing countries. His delegation nevertheless believed that, with a little political goodwill, it would be possible to speed up the implementation of some measures. Despite the pessimism and bitterness caused by the failure of the negotiations on cocoa and sugar, that failure had stimulated the desire to surmount the difficulties and reach agreement before the second session of the Conference. The discussions on the scheme of supplementary financing prepared by the International Bank for Reconstruction and Development^{2/} had reached the final stage and the scheme might well become the first practical application of the new ideas that had emerged at the first session of the Conference. The idea of general preferences to be granted by all developed countries to the manufactures and semi-manufactures of the developing countries had gained ground and might perhaps lead to the adoption of practical measures. The recommendations on financing could also provide scope for immediate action to solve the debt-servicing problem of the developing countries. Some headway could also be made with regard to the significant standstill recommendations and the recommendations on the reduction or elimination of tariff and non-tariff barriers.

3. Most of the delegations attending the fourth session of the Trade and Development Board had considered the economic progress made by the developing countries insufficient. It had been generally recognized that additional efforts were necessary to solve the problems defined at Geneva. At its twentieth session, the General Assembly had played an important part in steering the debate away from the mandatory or non-mandatory nature of the recommendations adopted and from similar questions that served no useful purpose. The time had come for UNCTAD to stop discussing generalities and procedural matters and to concentrate on implementation. Success in that respect, however, required more effective inter-governmental co-operation within the Board and a continuing dialogue among member States, which was lacking at the present time. It was also necessary to review the agreements and arrangements that most of the Member

^{1/} See Proceedings of the United Nations Conference on Trade and Development, vol. I: Final Act and Report (United Nations publication, Sales No.: 64.II.B.11).

^{2/} See Supplementary Financial Measures, A Study Requested by the United Nations Conference on Trade and Development—1964 (International Bank for Reconstruction and Development, Washington, D.C., December, 1965).

States would be prepared to accept having regard to the magnitude of the problems of development in the modern world.

4. The draft provisional agenda of the second session of UNCTAD prepared at the fourth session of the Board (A/6315, part two, annex A, resolution 34 (IV)), which could probably be improved, covered all the important matters. His delegation had believed for some time that the international community should pay special attention to assistance to young States because of the specific difficulties they faced in consolidating their independence. It was pleased to note the inclusion in the draft provisional agenda of an item entitled: "Special measures to be taken in favour of the least developed among the developing countries aimed at expanding their trade and improving their economic and social development". He concluded by stressing the importance of further co-operation between the developing countries as part of a new international policy of development and expressed his satisfaction that that question had been placed on the agenda of the second session of the Conference.

5. Mr. FERNANDINI (Peru), referring to part B of the draft resolution (A/C.2/L.907) concerning the second session of UNCTAD, stated that his delegation would prefer the session to be held early in 1968, so that it did not coincide with the twenty-second session of the General Assembly.

6. With regard to the world economic situation and the work of UNCTAD, the report of the Secretary-General of UNCTAD^{3/} to the fourth session of the Trade and Development Board and his statement in the Second Committee (1078th meeting) confirmed that the industrialized countries, with a few exceptions, were continuing to pursue their traditional policy vis-à-vis the developing regions based on their own short-term interests, while the situation in those regions showed no improvement. The little economic progress made by the developing countries in the first half of the United Nations Development Decade was all the more disturbing as it coincided with a period of prosperity for the free-enterprise economies on both sides of the Atlantic and with an increased production in the socialist countries of Europe and Asia. Although the growth rate of exports from the developing countries had been relatively high in recent years (6 per cent per annum), the rate of expansion of their imports had declined. In other words, the surplus of imports over exports (equivalent to a net transfer from the developed countries to the rest of the world of real resources intended for development) was being lost owing to the adverse trend of the international flow of financial resources to the developing countries. In addition, that flow was being largely neutralized by the rapid increase in the funds the developing countries had to earmark for servicing their external public debts and for paying interest on private foreign investments.

7. In such circumstances, it was essential for the developing countries to expand their export trade, but in so doing they clashed with the trade policies of the

industrialized countries. In the case of primary commodities, a good many measures were intended to promote the self-sufficiency of the developed countries in raw materials and foodstuffs, so much so that in the past ten years the share of Latin America, Africa and Asia in world commodity trade, excepting petroleum and foodstuffs, had fallen from 40 to 33 per cent. Despite that trend, the developed countries still refused to negotiate international commodity agreements. In the case of manufactures and semi-manufactures, the share of the developing countries in world trade was barely 5 per cent, and the expansion and diversification of their exports were hampered by the customs systems of the developed countries, which imposed discriminatory tariffs on manufactures from the developing countries, and by the quantitative restrictions imposed on a number of those articles as soon as they threatened to compete with those of the industrialized countries; the Long-Term Arrangement of 1962 on cotton textiles was an example of that restrictive policy. Some planned-economy countries had, however, increased their imports of tropical products and other raw materials on the scale they had announced at the first session of the Conference. Moreover, the value of the socialist countries' imports of manufactures and semi-manufactures from the developing countries had risen from \$185 million in 1963 to \$299 million in 1964.

8. As far as financial relations were concerned, the developed countries had no desire to see the developing countries taking part in a reform of the international monetary system. Moreover, although the terms for loans had been somewhat liberalized, the proportion of grants in the total amount of aid had diminished, so that, according to the UNCTAD report, a growing number of developing countries were faced with an external debt explosion. Although the many attempts made by UNCTAD to change the nature of the relations between the free-enterprise and controlled-economy developed countries and the developing ones had won some support in intellectual circles in the developed countries, they were met with indifference by the latter's Governments and the private sector. A group of eminent experts had recommended that the developing countries should participate on an equitable basis in the reform of the monetary system; another had proposed that the rich countries should provide multi-lateral financial assistance for the economic integration programmes of the southern hemisphere; the establishment of an interest equalization fund, financed by the developed countries, to reduce the future burden of the cost of development financing had been proposed more than a year before; the International Bank for Reconstruction and Development had submitted a scheme for supplementary financing aimed at offsetting the effects of sharp drops in export earnings; the UNCTAD secretariat was studying the modalities of a system of general preferences in favour of the developing countries' manufactures and the possibility of concluding new agreements for the stabilization of international trade in cocoa and sugar. Unfortunately, only the last two projects seemed to have awakened interest in the industrialized countries, and the various regional groups, in spite of increasingly more co-ordinated efforts, were still finding it very difficult to organize a constructive dialogue.

^{3/} Official Records of the Trade and Development Board, Fourth Session, Annexes, agenda item 3, documents TD/B/82 and Add.I-4.

9. In such circumstances it seemed essential, firstly, to strengthen co-operation among the developing countries so that they presented a common front and, secondly, to concentrate on a few of the most important questions in UNCTAD's vast field of activities, such as the Bank's scheme for supplementary financing, the proposals concerning preferences and the proposed international agreement on cocoa, as they seemed to offer the greatest possibilities for progress.

10. In conclusion, his delegation would support the draft resolution concerning the conclusion of a cocoa agreement (A/C.2/L.909).

11. Mr. Shen-Fu CHANG (China) welcomed the fact that the Committee had endorsed Council resolution 1183 (XLI), dealing with the crisis in financial aid for development and recommending measures to be taken by the developing and developed countries. He also welcomed the fact that several delegations of developed countries had, during the debate, given an indication of their Governments' efforts to reach the target, recommended by the first session of the Conference and endorsed by the General Assembly, of devoting 1 per cent of their national income to assistance for the developing countries. He hoped that the trend would continue. The Council resolution also mentioned tied aid, of which many developing countries had had bitter experience; the UNCTAD secretariat studies on that subject would perhaps induce donor countries to change their methods.

12. In the matter of trade, the Chinese Government was particularly interested in the stabilization of primary commodity prices and the elimination of tariff and non-tariff barriers against manufactures exported by the developing countries. Violent fluctuations in primary commodity prices were seriously hampering the progress of the developing countries by depriving them of the resources indispensable for importing capital equipment; it was therefore essential to explore all the possibilities of concluding new agreements on primary commodities and particularly, in the near future, on sugar and cocoa.

13. The Chinese delegation, therefore, supported the draft resolution concerning an international agreement on cocoa (A/C.2/L.909). It hoped that when the working group on sugar, which had just met at Geneva under the auspices of UNCTAD, had completed its preparatory work, the Secretary-General of UNCTAD would use his prestige to facilitate the conclusion of an international agreement on that product also. The effects of violent fluctuations in primary commodity prices might also be attenuated by a system of compensatory financing, a matter which the Bank had carefully studied; in that connexion, too, the necessary resources would have to be obtained and the subject deserved early attention in the context of international co-operation.

14. Primary commodity trade was also affected by the uneconomic production of some of them in the developed countries, with the support of subsidies whose cost per unit sometimes exceeded the production cost of the same commodities in the developing countries; that practice was clearly a deviation from the principle of the territorial division of labour but, in order to end it, the developed countries would

have to be guaranteed a constant supply of the commodities concerned at reasonable prices, i.e., the accumulation of buffer stocks during good harvest years would have to be financed, and resources were again needed for that. A recent UNCTAD study revealed that, contrary to the recommendations of the first session of the Conference, tariffs applied by developed countries to manufactures from other countries of the same group were, on the average, more favourable than the tariffs on imports from developing countries; non-tariff barriers also still formed serious obstacles to such imports. The standstill recommendation A.II.1 in regard to tariff barriers of the first session of the Conference seemed often to have been disregarded.

15. The Chinese delegation fully shared the opinion, often expressed by the Secretary-General of UNCTAD, that the problem could only be solved by convergent, simultaneous and properly concerted measures. The developing countries, of which China was one, must reform their land-tenure and fiscal systems and introduce other legislative changes to stimulate production, encourage the formation of private enterprises and create a favourable climate for both domestic and foreign investment. However, no matter how hard they tried, the developing countries would not be able in current conditions to reach the target of economic growth set for the United Nations Development Decade without an accelerated inflow of capital and technical assistance. And improvement in the living conditions of the developing world was the best way of easing world political tensions and, therefore, both the developing and developed countries must in their common long-term interest work together to that end; wider diffusion of UNCTAD's studies might mobilize public opinion in favour of the formulation of a world development policy based on international co-operation.

16. His delegation supported draft resolution A/C.2/L.907. It considered that careful preparatory work for the second session of UNCTAD was essential and therefore agreed with the Peruvian representative that it should be postponed until the beginning of 1968 to allow time for Governments to give careful study to the documentation prepared by the secretariat. The suggested duration of seven weeks seemed adequate, provided the Conference did not allow itself to be diverted and that it devoted all its time to constructive discussion. With regard to the proposed agenda, his delegation believed that consideration should first be given to the important recommendations of the first session of UNCTAD on which there had been almost general agreement and which were most likely to yield practical results. The Conference could then endeavour to lessen the differences between points of view on other important matters, while problems of a more controversial nature should be left for further studies and consultations. The Secretary-General of UNCTAD was wisely looking to the second session of UNCTAD as one for negotiations. In order to be successful, negotiations must be based on mutual understanding and, in that spirit, they should be started well before the opening of the Conference.

17. Mr. DJOUDI (Algeria) said that the concern expressed by the Secretary-General of UNCTAD

regarding the proliferation of meetings, was a legitimate one and actually applied to the entire family of United Nations bodies. Not all meetings had the same degree of urgency, but a more important consideration was that their proliferation tended to impair the quality of the services provided by the Secretariat as well as the continuity of representation and proper orientation of the participating delegations. Most of the meetings, however, that had been held under the auspices of UNCTAD had produced discussions of undeniable usefulness. The sifting-down process reflected in the provisional agenda of the second session of the Conference and the results achieved both by the group of seventy-seven developing countries and the Conference itself amply confirmed that trend. The Second Committee had recognized in 1965 that most of the industrialized countries had not carried out the recommendations of the first session of the Conference. The deliberations of the Economic and Social Council on world economic trends and the United Nations Development Decade had produced evidence of little progress, and the results of the United Nations Development Programme Pledging Conference had confirmed the state of relative stagnation.

18. In the matter of development, there were no simple and facile remedies. The experience of the industrialized countries and the problems of applying it in the developing countries were continuing to receive the attention of economists. The Committee for Development Planning had stressed the particularly important role of planning in ensuring accelerated growth. Other essential elements included the establishment of reasonable objectives, the renewal of outdated economic and social structures, the expansion of trade among the developing countries and the achievement of regional economic integration. The success of the efforts made would nevertheless depend on a sort of "decolonization" of the international economic, financial and trade machinery. In that regard, the developed countries bore a special responsibility and must refrain from imposing on the developing countries any political conditions that were a potential threat to peace. United Nations bodies could help the developing countries by providing them with information on how to obtain the various kinds of capital goods. They could also help them to set up, at both the national and multinational levels, advisory services for the preparation of their projects. The conclusion to be drawn, therefore, was that there was a need for concerted and simultaneous action on the part of the developing countries, their developed partners—acting either jointly or alone—and the various international bodies.

19. The Secretary-General of UNCTAD had given considerable attention to that body's activities relating to the expansion of trade among the developing countries and their economic integration. During the current year, the Economic Commission for Africa (ECA) and the UNCTAD secretariat had actively co-operated in that regard. The joint meetings of the ECA Working Party on Intra-African Trade and the *Ad Hoc* Committee of Fourteen on Trade and Development of the Organization of African Unity had achieved productive results that would be helpful to

the African group at the meeting of the group of seventy-seven developing countries and at the second session of UNCTAD. A condition for the expansion of trade and regional integration was the improvement of transport systems and facilities and of all other forms of communication. The gradual elimination of the existing obstacles was one of the aims of the sub-regional co-operation that had been inaugurated in Africa. Regional co-operation would be facilitated by the agreements that had been concluded between the International Telecommunication Union and ECA.

20. An important turning point in the history of the United Nations had been the co-operation established among the developing countries, which, since the eighteenth session of the General Assembly, had joined forces in an effort to determine their common objectives and to co-ordinate their policies. That action had made it possible, in 1964, to draw the attention of the world to the existence of the developing nations as a whole and to their problems. While 1964 had been a year devoted to analysis of the situation and the drafting of measures to improve it, both 1966 and 1967 must be years devoted to the preparation and adoption of decisions.

21. With regard to the date of the second session of UNCTAD, his delegation would be prepared to support the proposal made by the representative of Peru. Out of a desire to contribute to the preparation of the Conference, the Algerian Government had proposed that the group of the seventy-seven developing countries should meet at Algiers. That proposal had been favourably received at Geneva and in New York, and the African Heads of State, meeting at Addis Ababa, had recently adopted a recommendation to that effect.

22. Mr. GALLARDO MORENO (Mexico) said that, in accordance with what he had announced the previous day (1079th meeting), he was proposing a small amendment to part A of draft resolution A/C.2/L.907, whereby in operative paragraph 3 (iv) the words "general and non-discriminatory preferences" would be replaced by the words: "general, non-discriminatory and non-reciprocal preferences".

23. With regard to part C of the same draft resolution, he proposed that the words "particularly within the framework of the International Monetary Fund" should be added at the end of the new text of operative paragraph 3 proposed by Israel (A/C.2/L.911).

24. His delegation would support the draft resolution relating to the International Agreement on Cocoa (A/C.2/L.909).

25. Mr. POLIT (Ecuador) said that he attached particular importance to chapter VII of part one of the report of the Trade and Development Board (A/6315), which contained an excellent analysis of the financial and monetary problems related to development. Also, the report of the Expert Group entitled: *International Monetary Issues and the Developing Countries*⁴ as affecting the developing countries, provided a very good description of the various proposals for solving the problems of international liquidity and set out recommendations on the part

⁴/ United Nations publication, Sales No.: 66.II.D.2.

that must be played by the developing countries in the consideration of the improvements to be made in the monetary system. In his delegation's opinion, it was imperative for the group of socialist countries to take part in all the negotiations relating to monetary institutions and machinery, for those countries had shown that they were able to contribute to an increase in the volume and value of international trade as also to development financing.

26. His delegation was a co-sponsor of two draft resolutions that were being considered by the Committee and reflected the concern felt on various issues by the developing countries; it hoped that they would both be adopted unanimously. No one could deny that the developing countries needed greater amounts of long-term capital and the protection that would be afforded by the conclusion of commodity agreements, especially in the case of cocoa, sugar and bananas. The solutions recommended in the two draft resolutions were based on common sense and a desire to hasten the economic growth of the entire world and not merely of a small group of countries upon which history had conferred the honour of directing the destinies of mankind.

AGENDA ITEM 41

Activities in the field of industrial development (continued)* (A/6433):

(c) Confirmation of the appointment of the Executive Director of the United Nations Organization for Industrial Development

27. The CHAIRMAN said that, in conformity with the wish expressed by numerous delegations, he had in-

formed the Secretary-General of the Committee's desire that the appointment of the Executive Director of the United Nations Industrial Development Organization should be made as soon as possible. The Secretary-General was aware of the situation and had promised to come to a prompt decision.

28. Mr. PISANI MASSAMORMILE (Italy) noted that his delegation had been the first to give expression to that wish. He thanked the Chairman for his action.

Organization of the Committee's work

29. The CHAIRMAN announced that he intended, on the following day at 3 p.m., to close the list of speakers on the item concerning the establishment of a United Nations capital development fund.

30. He recalled the desire expressed by the Second Committee to study the question of technical assistance to promote the teaching, study, dissemination and wider appreciation of international law (item 86), and pointed out that the Sixth Committee was to begin consideration of a draft resolution on that item on the following day. In accordance with a decision of the General Committee, it would refer that item to the Second Committee for observations on the technical assistance aspects of the question. Delegations wishing to comment on that item would be able to do so in the course of the discussion of the item on operational activities for development (item 49).

The meeting rose at 4.35 p.m.

*Resumed from the 1080th meeting.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1083rd
MEETING**

Wednesday, 30 November 1966,
at 8.35 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 38

Establishment of a United Nations capital development fund: report of the Committee on a United Nations Capital Development Fund (continued)* (A/6303/Add.1, chap. II; A/6418, A/6459, A/C.2/L.910, A/C.2/L.913)

1. Mr. SAHLOUL (Sudan), introducing draft resolution A/C.2/L.910, said that the establishment of a United Nations capital development fund was more than ever necessary for the achievement of the targets laid down in General Assembly resolutions 1522 (XV) and 1710 (XVI). An analysis of the economic difficulties facing the developing countries confirmed the estimate given in the 1964-1965 annual report of the International Bank for Reconstruction and Development and the International Development Association,¹ that over the next five year the developing countries could effectively use between \$3,000 million and \$4,000 million a year more than hitherto. The resources made available by multilateral agencies, especially the World Bank group, would have to be supplemented from another source. The problem had been examined by the Committee on a United Nations Capital Development Fund at its fifth session and opinions had been divided. Most of the representatives of the developed countries still believed that the existing multilateral agencies could adequately provide additional financial resources but a majority in the Committee believed that the time had come for the establishment of a capital development fund. The Committee had therefore recommended that its report should be submitted for consideration to the General Assembly so that it could take the necessary measures, at its present session, in regard to the draft statute as set forth in draft resolution A/C.2/L.910.

2. The purpose of the fund was to supplement the resources available to the developing countries through grants and soft loans in order to fill the gaps in

development financing. The fund should finance those feasibility studies which could not be otherwise financed and provide the developing countries with capital to diversify their economies, especially through industrialization. Such activities would assume greater importance with the establishment of the United Nations Industrial Development Organization (UNIDO). The fund should be a model of international economic co-operation based on complete respect for the political integrity and sovereignty of the recipient countries which otherwise would be forced to continue to accept tied aid with all its undesirable consequences.

3. The expenses of the fund should be divided into two categories: those for administrative activities and those for operational activities. As provided in article IV of the draft statute, the former should be borne by the regular budget of the United Nations subject to a ceiling fixed by the General Assembly and the latter should be met from voluntary contributions by Member States, in cash or in kind. The purpose of such a division of expenditure was to keep down administrative overheads and to ensure that voluntary contributions were used entirely for operational activities. It was hoped that the developed countries would provide the larger share of contributions but at the same time it was essential that the developing countries should contribute as generously as they could, especially at the first pledging conference, and for a number of years in advance so as to enable the fund to operate effectively. Contributions, whether from Governments or from private sources, should not be subject to any limitations and conditions imposed under bilateral agreements. The proposal that the first pledging conference should be convened during the early part of the twenty-second session of the General Assembly was intended to give Governments time to make the necessary arrangements.

4. The forms of assistance to be made available to the developing countries were set forth in article V; and the procedure concerning requests for assistance (article VI) took into account the desirability of maintaining a reasonable geographical balance in allocations and of utilizing to the fullest the experience and services of UNIDO and the United Nations Development Programme (UNDP), the specialized agencies and the regional development banks.

5. Article VIII, concerning organization and management, followed the same lines as the Statute of UNIDO but it was proposed that the executive board of the fund should consist of twenty-four members only, since it was felt that the representation of countries at different stages of industrialization, as in UNIDO, was not appropriate in the case of the fund. It was worth noting that, in article IX, a firm date had been fixed for the appointment of the first Managing Director.

*Resumed from the 1079th meeting.

¹/ Annual Report, 1964-1965 (Washington, D.C.), and supplementary information for the period from 1 July to 31 December 1965. Transmitted to the members of the Economic and Social Council by notes of the Secretary-General (E/4129 and E/4129/Add.1-E/4130/Add.1).

6. Mr. KADRY (Iraq), as a sponsor of draft resolution A/C.2/L.910, felt that action was urgently required to increase the flow of external resources to the developing countries. The International Bank for Reconstruction and Development had estimated that over the next five years the developing countries could effectively use between \$3,000 million and \$4,000 million a year more external capital than hitherto. The Administrator of UNDP had also emphasized the necessity of increasing the net flow of resources.

7. By resolution 1521 (XV), the General Assembly had decided in principle that a capital development fund should be established, but a number of developed countries were opposed on the grounds that the purposes of such a fund were already being served and that its establishment would result in a dispersal rather than an increase of total resources available for development.

8. Although the World Bank group, UNDP and the regional development banks played an important role in financing pre-investment, there was urgent need for further multilateral assistance, primarily for the optimum utilization of natural and other resources in the developing countries. Such assistance should take the form of long-term grants and low-interest loans and on easier terms than the World Bank group was able to offer. If that assistance was made available to the developing countries by a multilateral institution, such as the proposed fund, they would be saved from the dangers of continuing dependence on bilateral assistance with political strings attached and growing indebtedness. Furthermore, many developing countries which were dependent on a single export product urgently needed to diversify their economies through industrialization and for that reason they looked to the establishment of a fund that would promote investment proper.

9. The opponents of the proposed fund argued that its establishment would generate competition for funds and qualified staff. Greater stress, however, should be placed on the need for co-operation between the fund and the other organs of multilateral financial assistance. While admitting the possibility of competition for additional funds, everyone must make the necessary extra effort to meet the growing needs of the future. Many appeals had been addressed to the representatives of the developing countries which, far from seeking to impose a solution, were acting with a full sense of responsibility as members of the international community. He appealed to the Committee to support the draft resolution.

10. Mr. Mohamed AL-ATRASH (Syria) said that, as a sponsor of the draft resolution, he was convinced of the need to establish the fund without further delay. As the 1964-1965 annual report of the Bank had pointed out, the developing countries could effectively use over the next five years between \$3,000 million and \$4,000 million a year more in external aid. The Secretary-General had also pointed out, at the forty-first session of the Council, that the main brake on the efforts of the developing countries to accelerate their economic progress was the insufficiency of external resources.

11. The developing countries naturally wished to preserve their political integrity and it was therefore important for them to obtain external capital without political ties. The financial assistance offered by the World Bank group was not altogether exempt therefrom, as testified by its decision of 1956 to withdraw the offer to finance the High Aswan Dam project which had led to the Suez crisis.

12. In view of their growing burden of debt servicing and consequent loss of export earnings, the developing countries desperately needed additional financial assistance on easy terms and their needs could best be met through the proposed fund.

13. Mr. ROOSEVELT (United States of America) recalled his Government's consistent opposition both to the transformation of UNDP into a capital development fund and to the establishment of a new United Nations institution for capital investment. The setting up of a capital development fund implied that resources of a suitable size and type would be available for investment. Yet, despite repeated appeals, the resources of existing organs such as UNDP, the World Food Programme and the International Development Association (IDA) were below the desired level. There was no reason to believe that the necessary resources would be forthcoming for a new fund. His delegation was against the tendency to devote more and more funds to administrative overheads and less and less to operational programmes.

14. Making the administrative expenses of the proposed fund payable out of the regular budget of the United Nations, as stated in paragraph 2 of article IV of the draft statute (A/C.2/L.910), would set a very dangerous precedent. It sought to make those who had repeatedly disagreed with the establishment of the fund pay part of the cost of maintaining it. There was no similar arrangement in UNDP, where the operational as well as the administrative costs were voluntarily financed.

15. The debate so far had centred on the net movement of official capital expressed in aggregate terms. It should be remembered, however, that flows of private capital played an important role in economic development. Between 1964 and 1965, the total net outflow from the United States had increased from \$4,300 million to \$5,050 million. As stated in the supplementary report by the Secretary-General on the international flow of long-term capital and official donations, (E/4170/Add.2 and Corr.1), that increase had provided the bulk of the over-all increment and had kept the United States share of the total flow at about 57 per cent.

16. Although the developing countries bore a heavy burden for debt servicing, the increase in the flow of capital and donations had enabled them to add substantially to their reserves. The increase should therefore be continued and a special effort should be made in the areas which were not benefiting as much as others. Instead of establishing an organ which had been consistently opposed by the capital-exporting countries, efforts should be concentrated on such valuable forms of assistance as the provision of engineering, production and management teams, which shortened the time required before projects became

operational, low-cost plant machinery and equipment and technical processes, which virtually saved the recipient countries the cost of research and development.

17. The documentation available showed that there were resources which could and did respond to the needs of developing nations. Those resources should be increased and his Government was aware of the importance of low-interest rates and long repayment periods. It was also the duty of all capital-exporting countries and multilateral bodies to reduce the time lag between the completion of multilateral and bilateral feasibility studies and the initiation of projects. The problem had not only been recognized but was being tackled constructively in such organs as UNDP.

18. The United States would vote against draft resolution A/C.2/L.910 because it did not believe that such a fund would provide any answer to the problem of increasing the net capital flow to the developing countries. The United States would not contribute to a capital development fund but would participate in practical efforts to solve the problem. A more constructive and immediate approach to the current needs of the developing countries would be to increase the flow of private capital. It was to be hoped that the sponsors would carefully reconsider the entire problem of financing and would not press their essentially political proposal.

19. Mr. LUBBERS (Netherlands) said that, in order to avoid duplication and increased administrative expenditure, he favoured the gradual transformation of the Special Fund component of the UNDP into a capital development fund. An immediate transformation was neither feasible nor desirable, for UNDP had already entered into substantial commitments for pre-investment projects, and funds should not be diverted to investment activities until the \$200 million target for pre-investment established by the General Assembly had been reached.

20. The United Nations Development Programme was, in fact, already performing some of the functions of a capital development fund. It was devoting increasing attention to industrial development, and in that connexion would have to work in close co-operation with UNIDO. It was undertaking pilot and demonstration projects, which constituted the initial phase of investment projects. It was investing a limited amount of cash resources in developing countries and co-operating closely with other international bodies concerned with development financing. The administration of UNDP was becoming increasingly aware of the whole complex problem of investment follow-up, including second-phase projects, the active encouragement of investor interest, and the provision of advisory services. There was, of course, scope for further progress, particularly with regard to the supplementary financing scheme prepared at UNCTAD's request^{2/}. At the second session of the UNDP Governing Council, in June 1966, his delegation had suggested that it might be interesting for UNDP to supervise the functioning of that scheme, even if it was administered by another body.

^{2/} Supplementary Financial Measures, A Study Requested by the United Nations Conference on Trade and Development—1964 (International Bank for Reconstruction and Development, Washington, D.C., December, 1965).

21. For those reasons he would be unable to support draft resolution A/C.2/L.910 and had submitted another draft resolution (A/C.2/L.913) urging the UNDP Governing Council, at its next session, to consider ways and means of implementing the recommendation A.IV.8 of UNCTAD.^{3/}

22. Mr. LAI (Malaysia) said that he doubted the wisdom of transforming the Special Fund component of the UNDP into a capital development fund, since that could be done only at the expense of pre-investment activities for which the Special Fund was created. Since the USSR favoured transformation and, presumably, the benefits derived thereby would be the same as those from a separate capital development fund, he hoped that the Soviet delegation would support draft resolution A/C.2/L.910. His delegation attached great importance to pre-investment activities and, in view of the limited resources available to the Special Fund component of the UNDP, he would be opposed to its transformation.

23. Sir Edward WARNER (United Kingdom) said that, for the reasons he had explained at the 1077th meeting, he opposed the establishment of a capital development fund, and would therefore vote against draft resolution A/C.2/L.910. In any event, he could not accept the financial implications of paragraph 2 in article IV, for a voluntary capital development fund, like UNDP, should cover its own administrative expenses. He saw no prospect of compromise, for his delegation was also opposed to the immediate or gradual transformation of the Special Fund component of the UNDP into a capital development fund and would vote against any draft resolution to that effect for the reasons given by the Malaysian representative. The investment field was already fully covered by existing institutions, including IDA, to the replenishment of which the United Kingdom would contribute, in co-operation with other developed countries. He could not support the multiplication of institutions which could not increase the flow of aid and would only lead to duplication and dissipation of scarce resources. The establishment of a capital development fund, by whatever method, would be in complete contradiction with the Committee's resolution on agenda item 52 (1073rd meeting), which called for the streamlining and concentration of development assistance.

24. Mr. MURAYA (Kenya) said that, in view of the general agreement on the need for more investment in the developing countries, it was discouraging to hear two delegations announce that they would vote against the draft resolution even before there had been any substantial discussion on the subject.

25. Valuable work was being done by UNDP, but pre-investment studies should not simply be shelved because there were no funds to execute the projects concerned. The international financial institutions were also playing a vital role but the developing nations—and particularly the African States—blamed them for pouring funds into South Africa, where the racist régime had consistently violated the United Nations Charter.

^{3/} See Proceedings of the United Nations Conference on Trade and Development, vol. I; Final Act and Report (United Nations publication, Sales No.: 64.II.B.11).

26. It seemed as though the developed countries wanted to benefit from the economic misfortunes of the developing countries. They insisted on bilateral loans and private investments, which imposed too great a burden on the recipients. Kenya was alarmed to find that foreign companies based in its territory were repatriating funds which should have been ploughed back into the Kenyan economy. The inflow of capital would merely fill the gap created by the outflow, if the latter continued. Debt servicing obligations were already crippling the economies of some developing countries. In most cases, those countries were required to purchase capital goods or hire experts and advisers from the donor country.

27. The proposed fund would counter the outflow of capital from the developing countries and provide finance for projects which had been rejected by the existing international institutions. Because of their composition, those institutions had sometimes been subjected to external pressures, particularly from certain business concerns, and had withdrawn their support of vital projects such as the High Aswan Dam project in Egypt. The World Bank was hesitating to finance another big project in Africa, not because the project was not feasible but because certain international tycoons would stand to lose by it.

28. The capital development fund should make loans on a long-term basis and at reasonably low interest rates. The loans should be for consistent economic programmes, as opposed to specific and rigid economic projects, and they should transcend any political or ideological considerations.

29. He appealed to the developed countries to consider the matter in its proper context: the fund would supplement and not supplant existing sources of development financing.

30. Mr. WILGRESS (Canada) noted that the developing countries needed more financial aid on easier terms if the gap between their potential and actual growth was to be narrowed. In its bilateral aid programme, Canada had tried to alleviate the developing countries' needs: its outright grants and long-term, low-interest loans, which accounted for two thirds of the total programme, had amounted to over \$220 million in 1966—an increase of \$100 million over the corresponding figure for 1963–1964. It was expected that the programme would continue to expand and Canada was thus making good progress towards the target of 1 per cent recommended by UNCTAD.

31. The establishment of a capital development fund would not increase the flow of capital to developing countries but rather divert funds from other institutions and bilateral programmes. A better approach would be to increase the resources of the existing institutions, in particular the World Bank. In view of the growing need for aid on concessional terms, IDA should be replenished at a higher level and Canada was prepared to join with other countries in such replenishment. The regional development banks could also play a vital role in accelerating the flow of capital; Canada had contributed to the Asian Development Bank and to the Inter-American Development Bank.

32. It has been suggested that gaps existed in the spectrum of activities of the existing investment agencies and that they might be filled by a capital development fund. Canada believed that the gap was financial rather than institutional. The so-called gaps in areas where assistance might be required resulted from decisions to give priority to one sector over another. Furthermore, it was questionable whether the areas in which gaps were said to exist lent themselves to multilateral financing and whether they could not be more appropriately financed by bilateral or private capital sources.

33. The target for UNDP—which had been set by unanimous agreement—had not been met, and there was a substantial shortfall in the resources available to other key United Nations schemes such as the World Food Programme. The proposed fund would duplicate existing facilities and compete for scarce capital resources. The World Bank had been broadening its activities and had embarked on a large-scale programme of capital investment in education and agriculture. The International Finance Corporation could now borrow up to four times its own capital and surplus from its parent body and should make about \$400 million available for re-lending to private enterprises without government guarantee. The World Bank group and the regional development banks would play a key role in achieving the desired goals. The Canadian delegation therefore continued to oppose the establishment of a United Nations capital development fund and the conversion of UNDP into such a fund.

The meeting rose at 10.15 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1084th
MEETING**

Thursday, 1 December 1966,
at 10.50 a.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 37

United Nations Conference on Trade and Development: report of the Trade and Development Board (continued)* (A/6303/Add.1, chap. I, A/6315, A/6501, A/C.2/L.907 and Corr.1 and Add.1, A/C.2/L.909 and Add.1, A/C.2/L.911)

1. Mr. BOIKO (Ukrainian Soviet Socialist Republic) said that the failure of some countries to implement the recommendations of the first session of the United Nations Conference on Trade and Development (UNCTAD)^{1/} and the trade practices of capitalist monopolies were among the principal reasons for the inadequate economic growth of developing countries. The socialist countries were expanding their trade, both with other socialist countries and with countries having different economic and social systems. The developing countries could only benefit from increased world trade, based on the international division of labour, if it was consistent with the principles of equality and mutual advantage and free from political or other discrimination. Because of artificial barriers and unfair trade practices, those countries, many of which were dependent for their economic development on foreign exchange earnings, had increased their exports far less rapidly than countries with advanced market economies. Although there was an urgent need for them to diversify their economies so as to achieve an adequate share of world trade in manufactures and semi-manufactures, they faced internal problems of industrialization and technical training and also external difficulties arising from the policies of some of their trading partners. Nor had they yet been able to benefit fully from the rapid advance of science and technology.

2. The Conference must take practical steps based on the principles drawn up in 1964. In order to define priority areas in which agreement could more easily be reached, the Trade and Development Board should ascertain the present positions of those countries which had voted against, or abstained on, the recom-

mendations adopted at the first session of the Conference, and his delegation hoped that the sponsors of draft resolution A/C.2/L.907 would be able to incorporate that suggestion in their draft.

3. Another important matter was the normalization of trade between countries having different economic and social systems. Despite some recent progress, East-West trade was still subjected to discrimination, blockades and economic interference on the part of capitalist countries. The rule of force had no place in world relations, and the United States aggression in Viet-Nam, as well as its shameless economic blockade of Cuba and its attempts to induce other countries to participate in that blockade, were having a very harmful effect on the world economy. Another abnormal feature of East-West trade was the ban placed by NATO (North Atlantic Treaty Organization) countries, and in particular the United States, on exports of certain goods to socialist countries. The items which had recently been removed from the list of prohibited exports were goods which the socialist countries no longer needed to import. It was essential that all such discriminatory practices should be ended. The Ukrainian delegation therefore suggested to the sponsors of draft resolution A/C.2/L.907 that an appropriate reference to that effect should be included in operative paragraph 3 of part A.

4. The reference to international monetary reform in the draft resolution would be incomplete if no mention was made of the work of UNCTAD. The Ukrainian delegation therefore suggested that operative paragraph 3 of part C should be redrafted so as to authorize the Trade and Development Board to include the question of international monetary reform in the programme of its Committee on Invisibles and Financing related to Trade. That suggestion would also enable discussions on reform to be held in a fully representative forum. Neither the paragraph as it stood nor the Israel amendment (A/C.2/L.911) met the need for all countries to participate in the discussion of international monetary reform.

5. Mr. EGUINO LEDO (Bolivia) stated that his delegation wished to co-sponsor draft resolution A/C.2/L.907.

6. Although UNCTAD had made some progress in defining basic objectives and establishing efficient machinery, the trade situation of developing countries was deteriorating. If that trend was to be halted, progress would have to be made, for example, in giving the developing countries greater access to world markets, establishing preferential systems for their products, increasing their trade and foreign exchange earnings on the basis of equitable prices, and easing credit terms.

*Resumed from the 1082nd meeting.

^{1/} See *Proceedings of the United Nations Conference on Trade and Development*, vol. I: *Final Act and Report* (United Nations publication, Sales No.: 64.II.B.11).

7. In view of the close connexion between international trade and the urgent problems of development, both the developed and the developing countries must face their responsibilities and seek the best way of implementing the recommendations of the 1964 Conference. Actual progress fell far short of generally recognized objectives, and there was an urgent need for some machinery, such as the international trade code previously proposed by Argentina, to rectify that situation. Bolivia was well aware of the gap between aims and reality, since the sale of non-commercial stocks had seriously affected the prices of its mineral exports, which accounted for 80 per cent of its foreign exchange earnings. The Bolivian delegation therefore hoped that the preparations for the second session of the Conference would be carried out with great care, so that the Conference could take effective action.

8. Mr. OLUMIDE (Nigeria) said that, in the two years of its existence, UNCTAD had failed to satisfy the hopes of the developing countries. Their plight was amply described in the report of the Secretary-General of UNCTAD entitled: "Review of International Trade and Development, 1966".^{2/} His delegation did not agree with the views of a few developed countries which had questioned some of the methods of analysis or comparison used in the report. Nor did it agree that the report failed to reflect the progress made by individual developing countries in recent years.

9. The Conference had scored some limited successes. Its studies had thrown light on the problems of the developing countries, and the conclusion of a few trade agreements was encouraging. As recommended in draft resolution A/C.2/L.907, of which Nigeria was a sponsor, UNCTAD should concentrate on future action. The second session of the Conference should not engage in recriminations or merely take stock of the current situation but should discuss how the objectives of UNCTAD could be advanced and how new avenues could be opened for constructive work. He appealed to the developed countries to exercise sufficient political will so that future recommendations would be meaningful.

10. The effectiveness of UNCTAD should not be frittered away by discussion of too many ambitious plans or of too many concurrent ideas. He agreed with the Secretary-General of UNCTAD (1078th meeting) that it should avoid holding too many meetings. His delegation attached great importance to operative paragraph 3 of part A of draft resolution A/C.2/L.907 which enumerated specific items for urgent action by developed countries. In particular, it looked forward to the implementation of operative paragraph 3 (ii).

11. Export-oriented industries should be established in the developing countries to allow them to take full advantage of the proposed scheme of preferences. They would welcome assistance schemes for already existing industries, such as cement and textiles in Nigeria. In that respect UNCTAD and the United Nations Industrial Development Organization should complement each other. It was difficult for the developing countries to increase trade in manufactures among

themselves when the necessary industries did not exist, and there was little immediate hope of their being able to implement the suggestion of the Secretary-General of UNCTAD that they should establish regional groupings.

12. His delegation welcomed resolution 30 (IV) of the Trade and Development Board on the urgency of increasing the volume of developmental assistance, on the studies on shipping to be undertaken by the UNCTAD secretariat and on the Board's decision (see A/6315, part two, annex A) to set up an inter-governmental group to study the scheme of supplementary financial measures prepared by the staff of the International Bank for Reconstruction and Development.^{3/} To be fair, such a scheme should underwrite the total external finance involved and cover services accounts as well as merchandise accounts.

13. His delegation had no objection to the proposed postponement of the second session provided it was not for too long.

14. Nigeria was also a sponsor of draft resolution A/C.2/L.909. As stated in the fifth preambular paragraph, negotiations for an international price stabilization scheme for cocoa had been going on for ten years. But in spite of all the efforts, no agreement had yet materialized. He therefore urged all those engaged in the current consultations on cocoa to pave the way for the early convening of another cocoa conference so that final agreement could be reached.

15. In his report on the last United Nations Cocoa Conference,^{4/} the Secretary-General of UNCTAD had stated that time had been too short to reach an agreement but that the areas of disagreement had been narrowed down. Although agreement had been reached on certain technical issues, in the future the consideration of such issues should not take precedence over the question of prices and the mechanism for financing buffer stocks. Once agreement had been reached on a fair and equitable price, agreement on other matters would follow. At the Cocoa Conference the representative of the Federal Republic of Germany had expressed his Government's willingness to support a price range of 19–21 cents. If the United States representative had given a similar assurance, the Nigerian delegation would have been much more optimistic.

16. Mr. ARKHURST (Ghana) recalled the remarks made by his delegation on the subject of UNCTAD in his general statement to the Committee (1027th meeting). He joined the delegations of other developing countries in appealing to the developed countries to implement the measures outlined in operative paragraph 3 of part A of draft resolution A/C.2/L.907. The proposal put forward by the representative of Argentina (1069th meeting) to postpone the second session of the Conference was constructive. It would avoid a clash with the General Assembly and enable

^{2/} Official Records of the Trade and Development Board, Fourth Session, Annexes, agenda item 3, documents TD/B/82 and Add.1-4.

^{3/} Supplementary Financial Measures, A Study Requested by the United Nations Conference on Trade and Development—1964 (International Bank for Reconstruction and Development, Washington, D.C., December, 1965).

^{4/} Official Records of the Trade and Development Board, Fourth Session, Annexes, agenda item 9, document TD/B/81.

Ministers and permanent representatives of delegations to attend.

17. The second session of the Conference should start where the first had ended. It should not identify the problems again but establish a system of priorities among the guide-lines already laid down and promote agreement on a limited number of areas where practical and immediate action was possible. It must also tackle the problems which the first session had been unable to deal with through lack of time.

18. While it was expected that the fifth session of the Trade and Development Board would identify the topics for discussion at the second session of Conference, it would be helpful if some indication were to be given forthwith of the probable list. Member States, and especially the developed ones, should come to the second session prepared to negotiate on such practical measures as a buffer stock financing institution, a scheme of supplementary financing, a system of preferences in favour of developing countries and a programme of basic financing. The second session should also formulate a policy for eliminating the profound differences in the levels of development within the developing countries.

19. The failure of the United Nations Cocoa Conference of 1966 had been a big disappointment. A frank statement of the main causes of that failure was essential if success was to be achieved in the current negotiations. The 1966 Cocoa Conference had made significant advances over the 1963 Conference and agreement had been achieved on certain points. The producing countries had done their best to meet the objections raised by consumers at the 1963 Conference. They had accepted full responsibility for all contributions for the financing of buffer stocks and had not been inflexible on the question of prices. They had made a number of other concessions and done everything possible to prevent the Conference from ending in failure. Most of the consumers had gone to the Conference in the same spirit and had shown a wide measure of understanding but, unfortunately, the lack of success was mainly due to the attitude adopted by the United States delegation.

20. The minimum price range of 20 to 22 cents per pound proposed by the producer countries was eminently reasonable in view of the fact that the average market price—which was admittedly unsatisfactory—had not fallen below 20 cents in recent years. Of the consuming countries, the United States alone had refused to accept the two-price range as a basis for negotiation and had finally agreed to only 19 cents per pound. Failure had also been recorded on the buffer stock mechanism, largely because the consuming countries, although prepared to agree to intervention at the ceiling price to protect themselves, could not agree to similar action at the floor price, which would protect the producers. The third basic issue on which the negotiations had produced no agreement was the prefinancing of the buffer stock, despite the producing countries' willingness to finance the buffer stock, once established. Some consuming countries had expressed their readiness to participate in the prefinancing scheme, but others, including the United States, were still reluctant to do so.

21. Recent developments had, however, been encouraging. Statements had been made on behalf of the United States Government which gave grounds for hoping that the current consultations might end with a recommendation that the Cocoa Conference should be reconvened. The National Confectioners Association of the United States was, of course, opposed to an international agreement on cocoa for reasons which were not economically valid. A cocoa agreement was not incompatible with speculation, as was often asserted, since speculation would still be possible within the agreed price range. Moreover, fears of over-production were groundless, since one of the purposes of the agreement would be to regulate production. Indeed, there was a real danger of under-production if prices continued to fluctuate, because growers were likely to abandon cocoa for more stable commodities.

22. His delegation believed that the Government of the United States, despite such objections and political and constitutional difficulties, had come to accept that an international agreement on cocoa would be in the interest of consumers and producers alike. It would do its utmost to ensure the success of resumed negotiations and therefore hoped that draft resolution A/C.2/L.909 and Add.1 would be approved unanimously.

23. Mr. ROOSEVELT (United States of America) said that, although he was not participating in the current consultations on cocoa, he could assure the representative of Ghana that his statement would be brought to the attention of his country's representatives at the consultations.

Mr. Reisch (Austria), Rapporteur, took the Chair.

24. Mr. MUZIK (Czechoslovakia) said that the Secretary-General of UNCTAD had referred (1078th meeting) to the impossibility of considering the economic growth of individual countries or sectors in isolation from contemporary developments in the world economy. It was self-evident that no independent national policy for economic growth and social progress could produce the desired results unless it was applied in conjunction with comprehensive international action aimed at achieving normal conditions of trade and economic co-operation throughout the world.

25. The extent to which his country's foreign trade had developed was shown by the fact that it influenced almost half the volume of the national income; in 1965, the foreign trade turnover per capita had been somewhat higher than that of highly developed market-economy States. Recent trends in the relationship between export and import prices and between foreign and domestic prices had, however, led to some tension in the terms-of-trade and balance-of-payments position. One of the factors responsible for that situation was the discriminatory measures applied by most of the market-economy developed countries. Despite such barriers to the development of international trade, his country's trade with developing countries continued to expand. His Government had deliberately shaped its policies so as to promote a steady growth of trade and economic co-operation with those countries, recognizing their special development needs and the specific potentialities of its

own socio-economic system. It was a fact, however, that some developing countries were not prepared to adopt the same active and stable approach to co-operation with socialist countries as was adopted by the latter to developed market-economy countries.

26. His delegation agreed that the second session of UNCTAD should focus on a selected number of major problems on which progress might reasonably be expected; the provisional agenda (A/6315, annex A, resolution 34 (IV)) showed that that approach had been adopted by the Board and that the interdependence of world trade and economic growth had been borne in mind. The review of the implementation of the recommendations of the first session of the Conference had shown that much remained to be done: it was obvious, for example, that there could be no hope of developing international trade and economic relations to the full while discriminatory practices, based in some cases on differences in socio-economic systems, continued. The second session would also have the opportunity to consider the impact of economic groupings on the trade of both developing and developed countries. His delegation was also gratified that provision had been made for the discussion of steps to achieve a greater measure of agreement on the principles adopted by the first session of the Conference. The reasons advanced for postponing the second session to 1968 were not entirely convincing

but his delegation was prepared to accept the decision of the majority.

27. His delegation was in general agreement with draft resolution A/C.2/L.909 and of parts B and C of draft resolution A/C.2/L.907. Certain requirements mentioned in part A of the latter document were, however, unacceptable. It would be premature, if not improper, for the General Assembly to be asked to make a decision on matters on which the Trade and Development Board had not adopted a resolution.

28. Mr. NEDIVI (Israel) said that his attention had been drawn to a Press report of an announcement made at the conclusion of a meeting on international monetary issues held at Washington. The report mentioned, *inter alia*, that representatives of twenty "rich and poor countries from the non-Communist world" had participated in the discussions. His delegation believed that such developments, although gratifying in themselves, did not satisfy the requirement that the developing countries should participate by right and not merely through informal arrangements in discussions of international monetary issues and it accordingly proposed that the sponsors of draft resolution A/C.2/L.907 consider altering the wording of the amendment (A/C.2/L.911) to read: "Recommends the continuous participation of the developing countries in all discussions ...".

The meeting rose at 12.45 p.m.

United Nations
**GENERAL
ASSEMBLY**

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1085th
MEETING**

*Thursday, 1 December 1966,
at 3.20 p.m.*

NEW YORK

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AGENDA ITEM 38

Establishment of a United Nations capital development fund: report of the Committee on a United Nations Capital Development Fund (continued)* (A/6303/Add.1, chap. II; A/6418, A/6459, A/C.2/L.910, A/C.2/L.913)

1. Mr. VILFAN (Yugoslavia) recalled that, in response to the efforts made by the developing countries to accelerate the attainment of goals pursued by all States, the General Assembly had decided six years ago, in its resolution 1521 (XV), to establish a capital development fund; subsequent developments had in no way lessened the need for such a measure, for it was in the matter of financing that the situation was now most serious. That was borne out by all the documents before the Second Committee and the statements which it had heard since the beginning of the session. As there was no need to go over the same ground, he would confine himself to two aspects of the problem.

2. One of the arguments against the establishment of a capital development fund was that there were already a number of multilateral sources of financing; however, the growing seriousness of the situation proved that it was not the number of financial institutions but the nature of their operations that counted; in the view of his delegation, the United Nations machinery for financial assistance would not be complete until its operations extended to investments. The International Bank for Reconstruction and Development and its affiliates played an important role in that connexion, but its resources were applied almost exclusively to infra-structure and were provided on the usual terms for credit. The establishment of a capital development fund, free from those restrictive conditions and making grants and long-term, interest-free loans, would enable the developing countries to diversify their economies and, in particular, to accelerate their industrialization; it would give international co-operation a new dimension by establishing an impartial intermediary between developing and developed countries, free from political

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considerations. Throughout the sixteen years during which the establishment of a capital development fund had been under discussion, the developing countries had shown abundant goodwill and had explored all avenues of agreement; they had even agreed to the possibility that the United Nations might undertake investment operations through the Special Fund component of the United Nations Development Programme (UNDP), a solution advocated by a number of developed countries.

3. However, the transformation of the activities of that body—and that was the second point which he wished to stress—would be useless unless it was accompanied by an increase in its funds, for those now available to it were not sufficient to enable it to carry out its programmes as it was, and technical progress was bound to add to the needs arising in connexion with its present activities. His delegation therefore thought that the establishment of a capital development fund was imperative, particularly after the establishment of the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Industrial Development Organization (UNIDO).

4. In view of the vast changes which had taken place in the Committee over the past few years, his delegation had sincerely hoped that there would be a change in the position of the developed countries with regard to the establishment of a capital development fund. That hope had been dashed by the discussion on the preceding day, notably the remarks made by the United States representative at the 1083rd meeting. Nevertheless, he thought that draft resolution A/C.2/L.910 should be put to the vote, not in order to force a confrontation between developing and developed countries but, rather, to make the membership as a whole face up to present reality. Obviously, the draft would not win general agreement, but it was to be hoped that it would command the support of a large majority.

5. Mr. SAHLOUL (Sudan) announced that the delegations of the United Republic of Tanzania and of Zambia were co-sponsoring draft resolution A/C.2/L.910.

6. Mr. WOULBROUN (Belgium) said he regretted that he could not offer the Yugoslav delegation any encouragement, for his Government was opposed to the establishment of a capital development fund and to any immediate or gradual transformation of UNDP which would lead that body to engage in investment operations. The arguments put forward in that connexion fifteen years ago were even more valid now, for a capital development fund would duplicate the efforts not only of the World Bank group but also of the new regional development banks which, thanks to their knowledge of local conditions, could play a major

*Resumed from the 1083rd meeting.

role; it would be a mistake to jeopardize the results of that last experiment by taking a step which might result in the dispersal of funds and thus limit the resources available to the new banks. The establishment of a capital development fund was unlikely to swell development funds and might, by increasing administrative overhead, reduce the funds for pre-investment and technical assistance. To set up new secretariats would only entail further expenditure, whereas, given the present financial situation of the United Nations, it was imperative to curb the proliferation of institutions. It would be inconsistent for the Committee to recommend the establishment of a new body when it had just approved (1073rd meeting) a draft resolution instructing a Committee to study the ways and means of concentrating resources with a view to making the work of the United Nations more effective and relatively less costly.

7. It was precisely in the area of development aid that the activities of the United Nations were best organized. The Special Fund component of the UNDP was in continuous consultation with the World Bank and, according to its directors, its pre-investment activities, which were specifically intended for that purpose, often led to ulterior investments ten to forty times higher than the amounts spent on pre-investment surveys. Moreover, a capital development fund would in part duplicate the activities of the newly established UNIDO. Finally, the new activities of the Special Fund component of the UNDP concerned with the financing of pilot plants in the developing countries was a new experiment which should not be tampered with. A gradual transformation of UNDP would not solve the problem of development financing, for hundreds of millions of dollars would be required annually to produce really practical results.

8. The adoption of draft resolution A/C.2/L.910, without the support of the major aid-giving countries, would be an empty victory and its sole result would be the establishment of a new secretariat doomed to inactivity. It might also promote disaffection in some quarters with regard to the United Nations and even a reduction in the amount of voluntary contributions.

9. The Yugoslav representatives had rightly said that everything had been done to bring about the establishment of a capital development fund. Nothing more could be done until such time as the Secretary-General might be able to inform the General Assembly and the Economic and Social Council that the major aid-giving countries had changed their position and were ready to make voluntary contributions towards financing through a United Nations body. Failing such a change of basic position, the establishment of a capital development fund would in no way further the cause of economic development, a cause in which all States Members equally believed and to which Belgium, in particular, was giving tangible proof of its attachment.

10. Mr. HUSSEIN (United Arab Republic) said that in the view of his delegation, which had followed the work of the Committee on a United Nations Capital Development Fund very closely, the establishment of such a body would not constitute proliferation as long as the developing countries' capacity to absorb capital was greater than the volume of resources

provided by existing institutions. Furthermore, those institutions, as now constituted, were unable to provide development financing on satisfactory terms. Finally, the gradual transformation of UNDP along lines which would enable it to engage in investment operations was impossible in view of its present resources.

11. It was therefore necessary, without reducing the funds currently available to the multilateral financing institutions, to accumulate additional resources for an institution which would have a less traditional structure than that of the existing organizations and would be better able to serve the needs of the developing countries. The cogency of those compelling arguments was generally recognized by all, but the developed countries had unfortunately not yet realized the implications of the conclusions to which they led. Actually the disagreement centred not so much on the need for the United Nations to engage in investment operations as on the way in which such action should be carried out.

12. U THET TUN (Burma) said he was somewhat discouraged to find himself in 1966 among the sponsors of a draft resolution requesting the establishment of a capital development fund, when eight years previously he had joined in the appeal of the developing countries for the establishment of a Special United Nations Fund for Economic Development and eight years before that his predecessor had supported a similar appeal. When in 1958, at the suggestion of certain developed countries, the developing countries had agreed to the establishment of a pre-investment institution, namely the Special Fund (General Assembly resolution 1240 (XIII)), it was partly because they understood the need for it, but also because they believed that the principle of the creation of a truly multilateral institution for financing had been accepted and that its establishment was only a matter of time. However, the establishment of the International Development Association (IDA) as an affiliate of the World Bank to make loans for infrastructure development on favourable terms had represented a triumph of the bilateral and limited multilateral approaches in the field of capital transfer to the developing countries. It had ensured the preponderance of private investment, for which the pre-investment activities of the Special Fund and the infrastructure investments of IDA were to pave the way, in disregard of the desires of many developing countries which did not consider private foreign investment to be an appropriate instrument for economic progress. The long-term effect of those decisions, far from lessening international political tensions, had been, on the contrary, to prolong them.

13. When the developed countries argued at the present time that sufficient resources to ensure the functioning of a capital development fund were not available—and that such a fund would, moreover, increase administrative costs—it was because the resources which should be used for development were being put to other uses precisely because of those political tensions, which the growing gap in living standards between the developed and developing countries could only intensify. The argument that regional development banks, together with the World Bank group, were sufficient to complete the international machinery for capital transfers was not valid, for

those institutions were not fully multilateral and were therefore sensitive to political tensions which were more obvious at the regional than at the world level. In his delegation's view, the only way to break that vicious circle was to establish a truly multilateral capital development fund; only an institution of that kind could put an end to the competition which at the present time was making any real co-operation impossible.

14. The transformation, gradual or otherwise, of UNDP into a capital development fund might divert resources which it needed for its pre-investment activities. Moreover, such a transformation might, from the administrative point of view, be extremely difficult and slow, for even the merger of the Special Fund and the Expanded Programme of Technical Assistance (EPTA) had not been completed in the real sense, and might very well defeat the purposes it set out to achieve.

15. In conclusion, he considered that lack of resources was, rather, a long-term argument in favour of the establishment of an institution for distributing international financial resources in a truly multilateral way, or, in other words, in favour of the establishment of a separate capital development fund rather than the transformation of an existing institution.

16. Mr. SVENNEVIG (Norway) said that the time had come to examine the development of the situation from the time when the General Assembly had decided in principle to establish a capital development fund. In his delegation's opinion, the situation had developed considerably. The International Development Association, established in 1960, had a current membership of about eighty countries—the majority of those in a position to benefit from the creation of a capital development fund. The International Development Association, which had started its operations with \$150 million, now had \$250 million a year at its disposal and hoped to attain the objective of \$1,000 million. His country intended in the future to give high priority to its contributions to IDA, with a view to keeping Norway's relative share in the contributions constant.

17. Secondly, regional development banks had been created by the developing countries and the most recent, the Asian Development Bank, had been financed in part by non-members of the region. Norway had decided to place a substantial part of its grants for development at the disposal of that Bank and had been the first of the non-regional countries to ratify the Bank's Articles of Agreement. Its share of \$5 million was the largest, per capita, of any of the non-regional countries. The Norwegian delegation was convinced that regional development banks would fill part of the need of the developing countries for financing.

18. Thirdly, UNDP had recently extended its activities to the financing of pilot projects with a view to lessening the gap between the completion of some of its pre-investment studies and the financing proper of the projects. That positive development should be continued in a pragmatic way. Furthermore, the aim of a \$200 million annual total of contributions to UNDP had not been reached and that institution could usefully

spend more on its current activities, which would undoubtedly be extended with the creation of UNIDO.

19. The Norwegian delegation considered, therefore, that it was important to consolidate the new United Nations organs and to provide them with adequate resources before creating new ones or giving the existing agencies new tasks. At the forty-first session of the Economic and Social Council, the Under-Secretary for Economic and Social Affairs (1431st meeting) had judiciously underlined the inadequacy of the resources in comparison with the growing diversification of the machinery for multilateral aid, and had stressed the need for the Council and the General Assembly to take decisions in co-operation so as to avoid a possible decline of some potentially useful institutions and certain arrangements the need for which had been recognized. Furthermore, in the foreword by the Secretary-General to the budget estimates for 1967,^{1/} he warned against the creation of new autonomous units, which might have the adverse effect of pitting one segment of the Secretariat against another in competition for the necessary financial and political support for its own work programmes to the detriment of the effective use of existing resources. It was surprising that after the adoption of a draft resolution on a general review of United Nations machinery in the economic and social field (1073rd meeting), the creation of a capital development fund should be proposed without waiting for the recommendations of the Committee for Programme and Co-ordination responsible for making that review. It was even more surprising in that the need for the establishment of a capital development fund did not seem to have been proven: there was a lack of resources rather than of institutions. Contrary to the belief of some, an increase in the number of institutions would not necessarily increase the volume of contributions and would hardly do anything—in Norway, at any rate—to mobilize the support of public opinion. Moreover, an increase in administrative expenditure would decrease the percentage of funds going into real operational activity.

20. In view of the foregoing considerations, the Norwegian Government did not think that the creation of a new organ was desirable; it already channelled two thirds of its development aid through multilateral institutions and it would continue to put its resources at the disposal of the existing agencies. Its disagreement was not on the need for increasing development aid, but on the means to be employed to that end. A new institution should not be created without the agreement of all the groups of countries, as had been the case with the establishment of UNIDO. In view of the position of the traditional donor countries, which were expected to provide the main contributions according to paragraph 4 (c) of Article IV of the draft statute (A/C.2/L.910), his delegation urged the sponsors to consider whether it would not be wiser not to put that draft to the vote now.

21. On the other hand, the draft resolution submitted by the Netherlands delegation (A/C.2/L.913), constituted a reasonable alternative, for while it was undesirable for UNDP to undertake investment

^{1/} Official Records of the General Assembly, Twenty-first Session Supplement No. 5.

activities with the means it had at present, such a possibility should be kept under constant review in the light of the funds available, the experience gained with pilot projects and the number of requests for pre-investment assistance. The Norwegian delegation would, therefore, support the Netherlands draft resolution.

22. Mr. VIAUD (France) said that the French Government would not participate in the establishment of a capital development fund, should the General Assembly decide to establish one. The French delegation found it inadmissible and against all the traditions of the Organization to make the administrative expenses mentioned in article IV of the draft statutes chargeable to the regular budget of the United Nations.

23. It was surprising that draft resolution A/C.2/L.910 should have been circulated before prior contacts had revealed the possibility of agreement. The hostility of the principal donor countries to the creation of a capital development fund had been well known, and the sponsors of the draft had known that it stood no chance of being accepted by the countries which alone could make it a reality. The scarcity of resources mentioned by some people in that connexion was not an entirely satisfactory argument, since it was in fact always possible to transfer funds earmarked for bilateral aid to a multilateral programme. That was, however, a political decision, and a transfer of that kind was not yet accepted by a number of Governments, including the French Government. In view of the lack of mutual consent, the adoption of the draft resolution under consideration would mean that a number of countries were ready to create a capital development fund among themselves. The French Government had no thought of stopping them, although it might not be possible to put such plans into effect. The sponsors of the draft resolution would be wise to withdraw their text.

24. With regard to the draft resolution submitted by the Netherlands delegation, he recalled that France had abstained in the vote on recommendation A.IV.8 of UNCTAD,^{2/} and he announced that his delegation would consequently abstain in the vote on the Netherlands draft. In the absence of resources and of agreement on the role and objectives of a transformed Special Fund, the question could not be considered ripe for study. The French delegation was ready to go to the limit of pre-investment as such. The intermediary activities between investment and pre-investment which France was prepared to undertake could hasten the gradual transformation of the Special Fund element of the UNDP. A special resolution of the General Assembly did not seem necessary in that connexion.

Mr. Boiko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

25. Mr. ABE (Japan) recalled that his Government's position was already reflected in paragraph 10 of the report on the fifth session of the Committee on a United Nations Capital Development Fund (A/6418). His delegation's opposition did not mean that it was

opposed to expanding the scope of multilateral assistance or to increasing the flow of capital to the developing countries. The Japanese Government had just demonstrated its determination to promote the development of multilateral financing agencies by contributing \$200 million to the Asian Development Bank which, with its sister institutions in Latin America and Africa, would complement the activities of the World Bank. If the pre-investment activities of the Special Fund component of the UNDP were considered also, one had to agree with the representative of Norway that there was a financial, not an institutional gap in arrangements to meet the needs of the developing countries. The Japanese Government was aware of the need to grant more loans on soft terms because of the growing debt-servicing burden on the developing countries, and of the urgency of replenishing IDA, and was prepared to co-operate with the other developed countries in finding a satisfactory arrangement. However, although it wanted to continue strengthening the existing institutions for multilateral assistance, Japan could not support the creation of a new organization which would only duplicate the others.

26. His delegation would therefore vote against draft resolution A/C.2/L.910, if it was put to a vote, and it was also unable to support draft resolution A/C.2/L.913. As the Administrator of UNDP pointed out at the second session of the Governing Council, it would be impossible and inadvisable, in view of the increasing demand for funds created by the need to intensify the technical assistance and pre-investment activities of UNDP, to implement UNCTAD recommendation A.IV.8 concerning the transformation of the Special Fund component of the UNDP into a capital development fund without affecting the existing activities of UNDP.

27. Mr. INGRAM (Australia) recalled that Australia had opposed the creation of a capital development fund for years. However, draft resolution A/C.2/L.910 introduced a new element in that it brought the administrative expenses of the proposed Fund under the regular budget of the United Nations, which would oblige Governments that were not prepared to make voluntary contributions to cover the expenses for operational activities to participate automatically in the financing of the administrative expenses, whereas UNCTAD recommendation A.IV.7 specified that the resources of the capital development fund should be derived from voluntary contributions. Such a measure of coercion would be unprecedented in the annals of the United Nations and would eliminate the freedom of choice of sovereign Governments. For that reason, the Australian delegation would vote against the draft resolution. Indeed, it would not be in the interest of the developing countries to put the draft resolution to a vote. It was unlikely that the fund would obtain sizable resources in a usable form, even if all the countries which had voted in favour of UNCTAD recommendation A.IV.7 made a contribution. So long as its resources were limited, it would be difficult for the fund to maintain a reasonable geographical balance in allocations, as envisaged in paragraph 4 (b) of article VI of the draft statute; if it was to adhere to that provision, it would at the outset be faced with innumerable political problems. It was true that the question of a capital development fund had been under

^{2/} See *Proceedings of the United Nations Conference on Trade and Development*, vol. I: *Final Act and Report* (United Nations publication, Sales No.: 64.II.B.11).

consideration for sixteen years, but it should also be recognized that the position had changed since and that, in particular, the structure of the multilateral institutions had been altered.

28. Australia, for its part, was trying to help the developing countries in various ways, as it had just shown by its contribution of \$85 million to the new Asian Development Bank which, in conjunction with the World Bank group and other regional banks, would strive to lighten the debt-servicing burden of the developing countries and to encourage the execution of industrial projects.

29. Australia was also opposed to the transformation of the Special Fund component of the UNDP into a capital development fund. That would be a premature step, especially at a time when there was still a shortfall of \$30 million in the UNDP pre-investment and technical assistance budget for 1967. It was already expected that, if no additional resources were forthcoming, UNDP would be obliged to approve fewer projects in 1967 than in 1966. It was therefore impossible, in that situation, to remove from the inadequate resources of UNDP funds which would be devoted to actual investment activities. That was why the Australian delegation would be unable to support the Netherlands draft resolution (A/C.2/L.913).^{3/}

30. Mr. VARELA (Panama) thought that the creation of a capital development fund as a third panel of UNDP was not advisable because it would disperse resources needed for the technical assistance and pre-investment activities which were so important for the developing countries. The United Nations Development Programme currently had 3,000 projects totalling \$1,500 million and benefiting 150 countries or territories all over the world; on the basis of pre-investment surveys, investments totalling \$1,200 million had been made in twenty-seven Special Fund sector projects. In addition, the World Bank was co-operating more and more closely with UNDP, and it was prepared to finance investments in a large number of projects whose technical and economic feasibility had been established by the training of personnel and by pre-investment work. It was, however, disturbing to note that the pledges for 1967 did not meet the target of \$200 million fixed by the General Assembly, which might prevent UNDP from performing the task it had set itself; indeed, even if the target was met, fewer projects would be approved in 1967 than in 1966. A large number of projects, duly prepared with the assistance of United Nations experts, had not been approved by UNDP. Yet it was to be expected that the number of requests for assistance would grow as the developing countries became increasingly aware of the need to train more personnel and to execute a greater number of economically feasible projects. If it was decided to push UNDP into investment activities other than pilot projects, funds already inadequate for current needs would simply be dispersed.

31. His delegation would vote for draft resolution A/C.2/L.910. If the capital development fund could not function because of the lack of resources, the possibility of a graduated tax on the national income of Member States should be considered. That would be the only possible solution, if the leaders of the industrialized countries were not willing to face up

to the needs of the developing countries and if the gap between rich and poor countries continued to widen, with all the risks of political conflict which that implied.

32. Mr. OLSEN (Denmark) said he was opposed to draft resolution A/C.2/L.910 because of the harmful effect the establishment of a capital development fund might have on other multilateral institutions, such as UNDP and IDA, and on the adoption of a plan for supplementary financing. His country was also opposed to the draft because it dealt separately with the question of a capital development fund. The United Nations Development Programme had been authorized to finance pilot projects, and that trend should be strengthened. For that reason, his country favoured the gradual transformation of the Special Fund component of the UNDP into a capital development fund, and would therefore support draft resolution A/C.2/L.913. On a practical level, it intended to increase its contribution to UNDP in 1967 by \$2 million, thereby bringing it up to \$8.5 million.

33. Mr. BILLNER (Sweden) shared the doubts expressed by the Danish representative as to the wisdom of a decision which might adversely affect the activities of other United Nations institutions for financial assistance and the negotiations concerning supplementary financing. As it was obvious that the main donor countries were not at present prepared to finance a capital development fund, it would not be realistic for the developing countries to press for the adoption of draft resolution A/C.2/L.910. For those reasons, the Swedish delegation would not be able to support the draft resolution.

Mr. Tell (Jordan) resumed the Chair.

34. Mr. NEAL (Liberia) expressed satisfaction with the report of the Secretary-General of UNCTAD entitled: "Review of International Trade and Development, 1966"^{3/} and the progress made by that organization; he was particularly glad that Mr. Prebisch had stressed the importance of priorities and had drawn attention to the danger of the proliferation of meetings (1078th meeting). He hoped that now that it had completed its administrative arrangements, UNCTAD would be able actively to set about the implementation of the recommendations of the first session of the Conference set out in the Final Act. In that connexion, his delegation favoured postponing the second session of UNCTAD until 1968.

35. His delegation, as a co-sponsor of draft resolution A/C.2/L.910, was disappointed at the rigid position taken by certain delegations, which had not even left the door open to a possible compromise on the question of a capital development fund. Some countries favoured the creation of an autonomous body, others advocated the gradual transformation of UNDP into a capital development fund and others were opposed to a capital development fund because they considered that there were already enough financial institutions to meet the needs of the developing countries. At first sight the arguments against the establishment of a capital development fund seemed logical: first, it was

^{3/} Official Records of the Trade and Development Board, Fourth Session, Annexes, agenda item 3, documents TD/B/82 and Add. 1-4.

feared that the result would be to disperse the resources now available; it was not anticipated that the total capital available for development would be increased by the establishment of a capital development fund; and it was held that existing institutions such as IBRD, the Special Fund component of the UNDP, regional development banks and the plans for supplementary financing were adequate for present requirements; and secondly, the transformation of the Special Fund component of the UNDP might adversely affect its important pre-investment functions. Nevertheless, his delegation considered that it was at least as logical to support the implementation of General Assembly resolution 1936 (XVIII) and UNCTAD recommendation A.IV.7. Available resources were still far from adequate to meet the needs of the developing countries, which required more capital to carry out their economic plans. The work of the new fund would not be hampered by the traditions and prejudices of existing institutions.

36. While it would seem somewhat contradictory to speak of checking the proliferation of agencies while at the same time setting up new ones, his delegation believed that in the present instance the main consideration should be the impact which the proposed capital development fund could have on the development of the Third World. He was convinced that the conservative attitude of existing institutions would only become more marked, and that an institution which was not open to political pressures could much better satisfy the needs of the developing countries.

37. His delegation was not inclined to accept the solution of gradually converting UNDP into a capital development fund, as that might be done at the expense of the Programme's pre-investment activities, which were of particular value to the less developed countries. It urged the opponents of the capital development fund to adopt a less rigid position and to indicate any changes in the draft statute which would make it more acceptable.

38. Mr. TARASOV (Union of Soviet Socialist Republics) said that the question of the establishment of a capital development fund was of the greatest topical interest, even though it had been under study for some fifteen years. However, it could be seen from the report of the Committee on a United Nations Capital Development Fund (A/6418) that, once again, that Committee had been unable to arrive at an agreed solution regarding the implementation of earlier decisions on the establishment of the fund and the launching of its operations. His delegation shared the disappointment of the developing countries at the lack of positive results in that field. The responsibility for that state of affairs rested with the Western countries, which, despite the explicit recommendations of the General Assembly and UNCTAD, were opposed to the establishment of the capital development fund and to investment activities being carried out within the framework of UNDP. The situation was also partly due to the fact that certain developing countries, yielding to pressure exerted by the Western Powers, had turned their backs on earlier decisions regarding the transformation of the Special Fund into a capital development fund and had thereby helped to make the financing of investment within the framework of UNDP

impossible. Although stress had been laid on the transformations which the Special Fund had undergone and the new types of activities (pilot undertakings, model projects) with which it was concerned, nothing positive had yet been accomplished in that field; and the unused resources of the Special Fund, which were increasing by some \$100 million a year, had on 1 January 1966 amounted to \$400 million.

39. At the twentieth session of the General Assembly, the Soviet delegation had drawn attention to the fact that conditions were propitious for the transformation of the Special Fund into a capital development fund. It had opposed the merger of the Special Fund and the Expanded Programme of Technical Assistance proposed by the Western countries, arguing that such a measure would interfere with the establishment of a capital development fund. Unfortunately, most of the developing countries had supported that proposal. Moreover, they had in some measure encouraged the administration of UNDP, which shared the ideas of the Western countries on the subject, to ignore the decisions regarding the transformation of the Special Fund. The Administrator of UNDP did not conceal the fact that he was opposed to the Programme's undertaking investment activities, which, he argued, would require additional funds. That argument, which was undermined by the size of the Special Fund's present resources, was the basis for the Administrator's note to the Governing Council of UNDP ^{4/} on the implementation of the recommendations of the General Assembly and UNCTAD concerning the gradual transformation of the Special Fund into a capital development fund. In it, he reaffirmed that all efforts and all resources should be devoted to pre-investment activities, in other words, to activities which enabled foreign monopolistic capital to penetrate the economies of the developing countries. That failure to comply with the decisions of the guiding bodies of the United Nations was supported by the Secretariat, which, in the report on that question, ^{5/} had defended the arguments of the UNDP administration. Incidentally, the Governing Council of UNDP had not regarded that situation as satisfactory, as could be seen from the report on its second session, and had decided to consider the Administrator's note again at its third session. ^{6/}

40. The position of the Soviet Government concerning the establishment of a capital development fund was well known, and had been reaffirmed in its reply to the Secretary-General's note verbale of 9 March 1966. The Soviet Government considered that the capital development fund should be established at the earliest possible date through the transformation of the Special Fund, with due regard to the new situation created by the latter's merger with EPTA. With the other socialist countries and many of the developing countries, the Soviet Union considered that UNDP could undertake investment activities with the means it already had at its disposal without impairing its pre-investment projects.

41. Despite the considerable work done by the Committee on a United Nations Capital Development Fund on

^{4/} DP/L.19.

^{5/} A/AC.102/9 and Corr.1 and Add.1.

^{6/} Official Records of the Economic and Social Council, Forty-first Session, Supplement No. 11A, para. 235.

a draft statute, the document before the Second Committee did not satisfy his delegation. Certain of its provisions were not in the interest of the developing countries. The first draft article, while its text had been improved, should have mentioned the financing of the public sector in the developing countries. The articles dealing with the recipients of assistance could also be made more precise. In the Soviet delegation's opinion, assistance should be extended to the Governments of the developing countries and not to private bodies or the ephemeral legal entities referred to in one of the variants of the draft. His delegation still considered unacceptable the provisions concerning representation on the Executive Board of economically more developed countries on the one hand, having due regard to their contributions to the capital development fund, and of developing countries on the other hand, taking into account the need for equitable geographical distribution among the latter members. Those provisions were undemocratic, and represented a retreat from the principles for the organization of technical assistance committees which had been applied before the merger of EPTA and the Special Fund. It was improper, moreover, to assign the actual responsibility for the practical operations of the fund to a single person—the Managing Director. In the case of the Special Fund, that state of affairs made it impossible for the Governments of the developing countries to plan the utilization of the assistance provided. They were not informed of the volume of assistance which the fund could put at their disposal, and did not know whether or not a request would be granted. The approval and even the choice of projects of the Special Fund depended on the Managing Director alone. The draft statute retained that humiliating pro-

cedure, which made recipient Governments dependent upon the machinery of the Special Fund. The Soviet delegation considered that it would be desirable to create a directorate of five members appointed by the Executive Board of the capital development fund, comprising two representatives of Western countries, two representatives of developing countries and one representative of the socialist countries. East member of the directorate would preside over it in turn for a fixed period.

42. It was also unacceptable that the draft statute limited membership of the Executive Board of the capital development fund to States Members of the United Nations and of the specialized agencies. The Soviet delegation considered that the draft statute should take into account the experience gained by UNDP and should represent fully the interests of the developing countries. The Governing Council of UNDP should be asked to consider at its third session the measures necessary for starting its 1968 investment activities as a first step towards the establishment of the United Nations capital development fund within the framework of the UNDP. It would also be useful if the Committee on a United Nations Capital Development Fund could draw up, in consultation with the Governing Council of UNDP, a statute for the capital development fund, taking into consideration the draft statute proposed and the amendments and reservations contained in document A/6418.

43. Once that task had been accomplished, the Second Committee and the General Assembly could take the necessary decisions in full knowledge of the facts.

The meeting rose at 6 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1086th
MEETING

Friday, 2 December 1966,
at 10.45 a.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 38

Establishment of a United Nations capital development fund: report of the Committee on a United Nations Capital Development Fund (continued) (A/6303/Add.1, chap. II; A/6418, A/6459, A/C.2/L.910 and Add.1, A/C.2/L.913, A/C.2/L.918)

1. Mr. SADI (Jordan) observed that many of the arguments appeared to be based on the assumption that the Committee was required to make a decision on the establishment of a capital development fund; that decision had, however, already been made by the General Assembly in resolution 1521 (XV). Some speakers had expressed opposition to draft resolution A/C.2/L.910, of which his delegation was a sponsor, on the grounds that capital for development was already available from a number of sources, but they had ignored the fact that the very purpose of the fund, as set forth in article I of its proposed statute, was to supplement that inadequate volume of assistance provided by existing institutions. Moreover, that argument overlooked the valid objections of many recipient countries to some current assistance arrangements and their belief that their requirements could be met only by a fund which observed the principles listed in article II of the draft statute.

2. His delegation was opposed to the proposal in draft resolution A/C.2/L.913 that the Special Fund component of the United Nations Development Programme (UNDP) should be transformed into a capital development fund; UNDP had specific and vital functions and any attempt to change them was bound to jeopardize its activities.

3. Mr. SAHLOUL (Sudan) said that he wished, on behalf of the sponsors of draft resolution A/C.2/L.910, to reply to the objections advanced by a number of delegations.

4. The United States representative had referred (1083rd meeting) to the increase in the flow of capital, and particularly of private capital, from his country to the developing countries; it could be assumed, however, that the International Bank for Reconstruction and Development had been aware of current trends in the supply of resources from the developed countries when it had estimated that the developing countries could usefully absorb as much as \$4,000 million extra.

5. The Netherlands representative, on the other hand, recognized (1083rd meeting) that the finance currently available was inadequate, but believed that, if the Special Fund component of the UNDP undertook direct investment, the combined forces of the International Development Association (IDA), other financial institutions and UNDP would be equivalent to a capital development fund. Since assistance commitments already exceeded available resources and IDA was experiencing difficulties in replenishing its resources, such a combination was unlikely to produce the desired result. Moreover, irrespective of whatever recommendations on more effective utilization of resources emerged as a result of the general review of economic and social activities (item 52), the need to find a way of bridging the gap between available capital and requirements would still remain.

6. Some representatives had expressed concern about the financial implications of paragraph 2 in article IV of the draft statute. There would, of course, be no such implications until countries had indicated at a pledging conference the extent to which they were prepared to support the fund by voluntary contributions.

7. The sponsors appreciated the desire expressed by the representative of the USSR (1085th meeting) to amend paragraph 6 of article VIII, and paragraph 1 of article IX, but believed that the developing countries as a group represented a variety of social and economic systems and that, in view of the difficulties that had been experienced in drawing up an acceptable text for that paragraph, it was advisable to maintain the existing text. Similarly, they considered that the provision whereby the Managing Director would work under the general direction of the Executive Board—which would be a representative body—was sufficient to ensure that he would perform his duties efficiently and without bias.

8. In response to the wishes of a number of delegations, the sponsors had agreed to include the United Nations Economic and Social Office in Beirut in the list of organizations mentioned in paragraph 4 (c) of article VI and paragraph 5 of article IX.

9. Mr. NEDIVI (Israel) said that his delegation would vote in favour of both draft resolutions. It

realized that, in the absence of unanimous support for the proposals, its vote would be an affirmation of political intent and of faith in the principle that assistance, wherever possible, should be multilateral. His delegation felt obliged, however, to request a separate vote on paragraph 2 of article IV, which involved a departure from accepted practice which his Government wished to consider further.

10. Mr. VIAUD (France) suggested that the sponsors should consider deleting the somewhat controversial paragraph 2 of article IV. Its deletion would not affect the principle of the draft resolution, whereas the retention of a provision which was so vaguely worded as to create apprehension about the extent to which the regular budget would be affected might influence the vote on the draft resolution as a whole.

11. If the paragraph was retained, his delegation would support the request for a separate vote.

12. Mr. ROOSEVELT (United States of America) supported the request for a separate vote on paragraph 2 of article IV which, in his opinion, created a precedent which most delegations considered undesirable.

13. Mr. THAWLEY (New Zealand) said that his delegation would vote against draft resolution A/C.2/L.910, despite the fact that it had consistently supported the implementation of recommendation A.IV.8 of the United Nations Conference on Trade and Development (UNCTAD)^{1/} and had not opposed the principle of a United Nations capital development fund; it believed that the time was not ripe for its establishment. Since the lengthy negotiations on the fund had not produced agreement on its establishment, it would be futile to press the issue, since an inadequately supported fund would dissipate the scarce resources available and increase overhead costs. The provision that administrative costs should be borne by the regular budget was also not acceptable and his delegation considered that the new body should not be set up when it had just been decided to review all United Nations operations in the economic and social fields. The results of the studies on capital flows should also not be anticipated (item 40).

14. New Zealand, despite a relatively high standard of living, was still a developing country in terms of industrialization and a net importer of capital; it therefore understood the need for a larger supply of development capital on reasonable terms and was, in fact, subscribing \$22.5 million to the Asian Development Bank for that reason. It also offered its aid untied and almost entirely in the form of grants. There was, however, a genuine shortage of investment capital in the developed countries at the moment, which made the establishment of the fund inadvisable.

15. The United Nations Development Programme would gradually engage in investment proper and thus become a capital development fund, but its current limited resources should not be diverted from pre-investment. His delegation would therefore abstain in the vote on draft resolution A/C.2/L.913.

16. Mr. PLAN (Austria) observed that, since the decision of 1960 to establish a capital development fund, circumstances had changed considerably. The International Development Association and other institutions had begun to grant loans at reasonable rates and the regional development banks had been established for the same purpose. His Government, which had recently increased its subscription to IDA and was a member of the Asian Development Bank, believed that the establishment of a capital development fund, in current circumstances, would serve no useful purpose. His delegation would therefore vote against draft resolution A/C.2/L.910.

17. It had, however, no objection to action being taken by UNDP in pursuance of UNCTAD recommendation A.IV.8 and would therefore vote in favour of draft resolution A/C.2/L.913.

18. Mr. LUBBERS (Netherlands) said that, since the fourth preambular paragraph of draft resolution A/C.2/L.913 might give rise to legal difficulties, he wished to delete it.

19. Mr. ROOSEVELT (United States of America), supported by Mr. INGRAM (Australia), pointed out that the statement of financial implications (A/C.2/L.918) was unsatisfactory. There were obviously no immediate financial implications arising out of draft resolution A/C.2/L.910 but the Committee needed guidance on the possible minimum future cost of such specific items as one annual meeting of the Executive Board and the appointment of a Managing Director and skeleton staff. He hoped the Secretariat would provide the information before a vote was taken on the draft resolution.

20. Mr. LACHMANN (Secretariat) said that the Secretariat would do its utmost to provide particulars on the items mentioned at the following meeting.

Mr. Boiko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

AGENDA ITEM 37

United Nations Conference on Trade and Development: report of the Trade and Development Board (continued)* (A/6303/Add.1, chap. I; A/6315, A/6501, A/C.2/L.907 and Corr.1 and Add.1 and 2, A/C.2/L.909 and Add.1, A/C.2/L.911)

21. Mr. PIÑERA (Chile) said that one of the most significant points made by the Secretary-General of UNCTAD (1078th meeting) was his reference to the difficulties involved in the application of modern technology to the development of the developing countries. The purchase of industrial plant was an example: technical progress was so rapid that plant soon became obsolete and developing countries were forced to amortize it in as little as five years. Modern technology was urgently needed in the developing countries but planners would have to take into account the distortion it caused. His delegation suggested that the Secretary-General of the United Nations and the Secretary-General of UNCTAD should make a special study of the problem and advise development planners on how to cope with it.

*Resumed from the 1084th meeting.

^{1/} See *Proceedings of the United Nations Conference on Trade and Development*, vol. I: *Final Act and Report* (United Nations publication, Sales No.: 64.II.B.11).

22. As the Secretary-General of UNCTAD had observed, the failure of the developing countries to achieve even the modest growth target of 5 per cent emphasized the need for joint action by developed and developing countries. In some countries population growth had offset such progress as had been made.

23. In tackling the urgent problem of rapidly expanding population, priority should be given to boosting food production rather than to birth control especially since new growing and developing techniques were being discovered every day. In addition, more resources must be made available to raise the developing countries' standards of living, and they must be more fairly distributed.

24. Preparations for the second session of the Conference must be carried out with care; however, its work would necessarily be based on the progress achieved so far. That progress was not striking although there was some hope that an international agreement on cocoa, which was of vital importance to a number of developing countries and would also serve as a model for other commodity agreements, could soon be reached. The Conference must therefore concentrate on the most urgent problems and try to achieve agreement by negotiation. In that connexion, it was noticeable that, whereas the developing countries were generally united in their approach, the developed countries differed on a number of points. It might therefore be useful for the latter countries to meet at the highest level in order to frame a co-ordinated policy, which could serve as the basis for negotiations with the developing countries at the Conference. Such co-ordination could be extremely valuable, as was indicated by the study of a system of non-reciprocal preferences by the Organization for Economic Co-operation and Development (OECD) and the discussion on international monetary reform in the Expert Group of the Ten. Given the necessary political will, the developed countries could help the developing countries to accelerate their economic growth.

25. Mr. WANGCHINDORJH (Mongolia) said that Mongolia attached great importance to the normalization and expansion of international trade on a basis of equality and mutual benefit. Unfortunately, progress since the 1964 Conference had been impeded by the attitude of certain capitalist countries, and the developing countries were still experiencing serious difficulties in marketing their products and in their balance of payments. In addition, neo-colonialism, closed economic groupings and the United States aggression in Viet-Nam were all hampering the expansion of international trade.

26. The solution lay in the full implementation of the principles and recommendations of the first session of UNCTAD. While some progress had been achieved in East-West trade, certain capitalist countries, and in particular the United States, still followed discriminatory policies such as the trade embargo on Cuba, which clearly contravened the United Nations Charter and the objectives of UNCTAD. It was to be hoped that the second session of the Conference would take action to enhance international economic co-operation and achieve the objectives defined at the 1964 Conference.

27. Mr. FORTHOMME (Belgium) said that, while the international community must renew its efforts to accelerate the economic growth of developing countries, the targets which it set must be realistic and based on an accurate calculation of available resources and their distribution. The average annual rate of growth in Belgium, which had been approximately 1 to 1.5 per cent from 1800 to 1946, had only risen to its present level of between 4 and 5 per cent as a result of industrialization. While the developing countries must be spared such a long and arduous evolution, greater production was still the surest way of accelerating their economic growth.

28. It was sometimes argued that trade between developing countries was hampered by their limited purchasing power, but that obstacle could be overcome by intensifying the efforts to boost their production and export capacity. The Belgian delegation therefore hoped that the second session of the Conference would take effective action to promote such trade.

29. Mr. VIAUD (France) said that, although the progress made in implementing the recommendations of the first session of UNCTAD had not been impressive, it would be wrong to conclude that nothing had been done. The problems had been carefully studied and defined, and certain steps had been taken or were under study by Governments and regional organizations.

30. In fact, the recommendations of the Conference did not form a coherent whole; some were even contradictory or could not be implemented by certain countries. For example, the establishment of preferences in favour of developing countries implied setting up barriers to trade with other countries. In recommendation A.II.1, Governments were asked to implement "those ... provisions which were applicable" and it was therefore wrong to reproach Governments which had not implemented the recommendations as a whole. Actually, the efforts to achieve stable prices and organized markets were not at a standstill, as was evidenced by the current negotiations on an international agreement of cocoa. France's foreign aid policy was entirely in accordance with recommendation A.IV.II, and the discussions in OECD had also led to some progress in the matter of foreign assistance. The balance-of-payments difficulties of many developed countries had prevented them reaching the target of 1 per cent. Governments should endeavour to protect their foreign aid policies as far as possible from the influence of internal fluctuations.

31. His delegation agreed that the second session of the Conference should be held at New Delhi. It seemed unnecessary to discuss the date of the session in the Committee; the Chairman might consult all interested delegations informally on that point.

32. The first session of the Conference had identified all trade and development problems facing the developing countries. Such an exercise was not bad in itself but it could not form the basis for a common policy. A choice must therefore be made of those areas of action where there was most chance of making substantial and rapid progress. The second session should concentrate on ways and means of increasing the export receipts of the developing countries, on

machinery for allowing them to compete under better conditions with the manufactures of the developed countries, and on technical and economic assistance. It should consider how to increase the volume of aid; how to spread the burden of aid more fairly among the donor countries; how to improve the terms on which aid was granted; and how to organize aid on a medium-term basis so that full provision could be made for it in the plans of the developing countries.

33. His delegation would support draft resolution A/C.2/L.907 if a more acceptable formula could be found for part A, operative paragraph 3.

34. Mr. OKWENJE (Uganda) said that during the preparations for the second session of UNCTAD it was urgent that all Governments should implement the recommendations of the first session of the Conference as fully and as quickly as possible. In time those developed countries which were reluctant to do so would appreciate the advantages of the recommendations, which would increase the purchasing power of the developing countries and therefore boost the exports of the developed countries.

35. Although a general free trade policy was desirable, an exception must be made in favour of the developing countries because of their weaker competitive position. He hoped therefore that the second session of UNCTAD would result in a removal of the tariffs and other restrictions still imposed on the exports of the developing countries.

36. Preference in favour of the developing countries must be granted as an exception to the general rule so as to allow those countries to become strong enough to compete with the manufactures of the developed countries. In other words, preferences were a means of equalizing the competitive strength of countries at different stages of development. Again, while reciprocity was to be accepted in principle, it could not always be effected in practice because of the weakness of the developing countries. He hoped therefore that the developed countries would accept non-reciprocity as a necessity. The Committee should resolve that the second session of UNCTAD would be one of action and achievement. With that aim in view it should adopt draft resolution A/C.2/L.907 unanimously.

37. Draft resolution A/C.2/L.909 was part of the broader efforts of the developing countries to stabilize the export prices of their primary commodities. Uganda, three quarters of whose exports were coffee and cotton, knew only too well the disastrous effects of fluctuations in the prices of primary commodities. It shared the disappointment felt by Ghana and other countries at the failure to achieve an international agreement on cocoa. The prices of cocoa must be raised and producers must have greater access to the markets of the developed countries.

38. Commodity agreements should be flexible enough to prevent crises such as had occurred in the implementation of the International Coffee Agreement and quotas should be adjustable to changes in demand. Commodity agreements were only temporary remedies and UNCTAD must consider how developing countries depending on one or two primary commodities could be helped to diversify their exports. The immediate

problem, however, was to increase the resources available for the development of the developing countries by concluding commodity agreements and by providing them with compensatory financing. The developed countries must accept the principle that the developing countries were entitled to better terms of trade so that eventually there would be a gradual decrease in the assistance they needed.

39. He appealed to all those concerned with the present cocoa negotiations to reach a comprehensive agreement. He fully supported draft resolution A/C.2/L.909.

40. Mr. BLAU (United States of America) recalled that, at the 1084th meeting, the representative of the Ukrainian Soviet Socialist Republic had mentioned certain items which had been struck from the list of United States goods which could not be exported to the Soviet Union. It would be interesting to know to what extent the import monopoly of the Soviet Union would allow the Ukraine to choose between such items and Soviet Union products.

41. In recent meetings, the representatives of certain countries had seen fit to repeat the allegations they had already made about the role of the United States in Viet-Nam. Those accusations had already been refuted by Mr. Roosevelt at the 1037th meeting.

42. The first year of UNCTAD had been devoted to organization; the second one to consolidation; the third should be one of preparation for the second session of the Conference. In that respect, part B of draft resolution A/C.2/L.907 was the most important of the texts before the Committee and the one on which the quickest agreement could be secured. He hoped, however, that the sponsors would make it clear in part B that the second session of the Conference would not be dealing with precise legal texts but would engage in quiet negotiation, as was the custom in the Second Committee, aimed at the fullest possible measure of agreement.

43. Part A dealt with certain matters which were important and others which were less so; it might have been much better to have presented those topics in separate draft resolutions. Similarly, the several parts of the resolution as a whole should be separately presented. In any case, in part A the sponsors seemed to be substituting the judgement of the General Assembly for the judgement of the Trade and Development Board. The General Assembly was entitled to approve or modify the views of its subsidiary bodies but not to take up matters on which those bodies had not yet reached any decision. His delegation would therefore prefer to delete all of part A except the first three preambular paragraphs and operative paragraph 1.

44. The Second Committee was unique among the Main Committees of the General Assembly and its other subsidiary bodies in seeking always to reach agreement by negotiation. The same tradition was usually followed in other United Nations economic organs such as the Economic and Social Council. Unfortunately, that policy had not been consistently followed at the first session of UNCTAD where decisions had been pushed through by sheer voting power. If the sponsors were to follow a similar policy with

the text of part A, they would hardly be creating an atmosphere suitable for the discussions at the second session.

45. Similarly, part C dealt with two subjects—technical assistance and monetary problems—which might each have constituted separate resolutions. The Trade and Development Board had not dealt in any detail with the monetary issues mentioned in part C, and it seemed premature for the General Assembly to make recommendations on them before they had been fully discussed in the appropriate bodies. It was surely better for the representatives of the developing countries in the International Monetary Fund to discuss them rather than to raise them in the General Assembly. His delegation had little difficulty in accepting the technical assistance aspects of that part of the draft resolution, and it had submitted amendments clarifying the text to the sponsors of the draft which it anticipated would be accepted.

46. The submission of draft resolution A/C.2/L.909 was also unfortunate because negotiations on cocoa were under way and the General Assembly should do nothing to prejudice them. His delegation recognized the intensity of the feelings of the cocoa-producing countries and their desire to embody in a draft resolution the expression of a political desire for an international agreement. However, the sponsors should have produced a more balanced text. In operative paragraph 1, for example, some mention might have been made of the genuine progress made at the 1966 United Nations Cocoa Conference. In operative paragraph 4, the appeal might have been directed to all countries and not merely to the major consuming

countries. Finally, operative paragraph 5 might have taken the form of a general exhortation rather than a list of details which could be discussed far better in the consultations now under way on cocoa.

47. Mr. M'BAYE (Guinea) said that the second session of UNCTAD should not continue the discussions of the first session but concentrate on the implementation of its recommendations. It must be carefully prepared and all participants should have the political will to solve the problems of the developing countries. They should focus on such vital issues as the stabilization of primary commodity prices, the reorganization of multilateral and bilateral assistance, and the industrialization of the developing countries.

48. His delegation was grateful to Algeria for having offered its capital as the site for the meeting of the seventy-seven developing countries prior to the second session of UNCTAD. The Economic Commission for Africa and the Organization of African Unity had already discussed the coming session of UNCTAD and the contribution which the African continent could make to it.

49. His delegation fully supported both the draft resolutions before the Committee.

50. Mr. BOIKO (Ukrainian Soviet Socialist Republic) pointed out, in reply to the United States representative, that he had given specific examples of United States discrimination in trade with the Soviet Union. The import system of the USSR had nothing to do with such discrimination.

The meeting rose at 1.30 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1087th
MEETING**

Friday, 2 December 1966,
at 3.15 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 37

United Nations Conference on Trade and Development: report of the Trade and Development Board (*continued*) (A/6303/Add.1, chap. I; A/6315, A/6501, A/C.2/L.907 and Corr.1 and Add.1 and 2, A/C.2/L.909 and Add.1, A/C.2/L.911)

1. Mr. VASILYEV (Byelorussian Soviet Socialist Republic) said that many representatives had expressed their anxiety at the deterioration in the terms of trade of the development countries, the growing deficit in their balance of payments, the instability of international financial relations and the more stringent discriminatory measures applied by certain Western countries. Such anxiety was perfectly justified. Since the first session of the United Nations Conference on Trade and Development (UNCTAD), the developing countries' share of world trade had continued to shrink and their access to the markets of the Western countries was still hampered by many limitations. The prices of cocoa, coffee and many other products imposed by the international monopolies were so low that the developing countries could not devote sufficient resources to their growth and in particular to the purchase of industrial equip-

ment. According to United Nations experts, the total losses suffered by those countries because of price fluctuations were equal to and even more than the resources they needed to ensure an annual per capita income growth rate of the order of 2 per cent. The Byelorussian delegation, which attached great importance to the implementation of the principles and recommendations adopted at the first session of UNCTAD,^{1/} associated itself with the comments made on the subject by the representatives of the socialist countries. It agreed with the criticism of the Trade and Development Board. The Board had not yet taken any practical steps to improve trade between countries with different economic and social systems which could help the trade of the developing countries. The second session of the Conference should give that problem the attention it deserved.

2. His delegation was prepared to support the draft resolution concerning an international agreement on cocoa (A/C.2/L.909) provided its sponsors agreed to take its observations into account. In draft resolution A/C.2/L.907, the words "developed countries" were used to include the socialist countries. That expression covered up the moral and material responsibility of the imperialist States for the catastrophic economic situation of the developing countries. Draft resolution A/C.2/L.907 was incomplete and one-sided and some of its provisions did not sufficiently stress the zeal that went into the implementation of the decisions of the first session of UNCTAD. In particular, the Byelorussian delegation could not support the fifth and eighth preambular paragraphs and operative paragraphs 2 and 3 of part A. The socialist countries had taken steps to implement the recommendations of UNCTAD and could not be held responsible for the fact that a number of Western countries had failed to do so. The draft resolution did not recognize the special characteristics of a socialist economy and the more favourable terms of aid, trade and technical and scientific co-operation provided by the socialist countries. The existence in the United States and other Western countries of lists of goods whose sale to other countries was banned was a serious obstacle to the normalization of international trade. Draft resolution A/C.2/L.907 should emphasize the urgent need to end such discrimination.

3. Part B of the draft resolution should also contain an appeal to the Governments which had entered reservations to the Final Act of UNCTAD to provide information on the measures they intended to take to reach broader agreement on the principles of international trade and of trade policy. The second session

^{1/} See *Proceedings of the United Nations Conference on Trade and Development*, vol. I; *Final Act and Report* (United Nations publication, Sales No.: 64.II.B.11).

of the Conference must take practical steps to implement the principles and recommendations formulated at its first session. In that connexion, UNCTAD would gain by ensuring that all States concerned took part in its work. The draft resolution also recognized the link between international trade and a reform of the international monetary system, yet the two questions were treated separately. The sponsors could easily remedy that defect.

4. Mr. DELGADO (Senegal) recalled that in 1964 the international community had decided to lay the foundations of a new world society by jettisoning all the practices and rules governing international economic relations hitherto. On the eve of the second session of UNCTAD everyone shared the disappointment expressed by the Secretary-General of UNCTAD when he had stated (1078th meeting) that the 5 per cent target set for the decade could not be attained. The fact of the serious imbalance in world trade was only too well known and the gap between the developing and developed countries was widening daily. Senegal's economy was suffering from the harmful consequences of that situation, for ground-nuts, which were the main source of its export earnings, continued to depend on a particularly vulnerable market for oil-yielding crops since Senegalese prices had been brought into line with those of the world market. Although Senegal was partially compensated by the European Economic Community in the form of aid for diversification, its net loss of earnings amounted to some \$20 million, or 12.5 per cent of its budget. The situation had been made still worse by the drought which had struck Senegal in 1966. It was, nevertheless, continuing to mobilize all its resources to break the stranglehold of under-development.

5. The basic reasons for the failure to implement the recommendations adopted at the first session of the Conference should certainly be sought. Working methods must be reviewed at an early stage with a view to initiating a fruitful dialogue and explore all the avenues which might lead to agreement. The Secretary-General of UNCTAD had recalled with good reason that the proliferation of meetings was a serious burden on UNCTAD's budget. The Senegalese delegation, which had taken an active part in the work of the Committee on Commodities and the Group on Preferences, had realized that the conditions for a fruitful dialogue did not yet exist. In that connexion he noted that holding the second session of UNCTAD at New Delhi would place a particularly heavy financial burden on the Governments of the developing countries. The second session of the Conference should focus its attention on a series of specific items and should be a conference of negotiation. The Trade and Development Board must, nevertheless, continue to study the most urgent matters on which agreement might be reached. However, the key to the success of the second session of the Conference was still the political will of the developed countries rather than any matters of organization. The right of peoples to self-determination, the sovereign equality of nations and international solidarity would remain empty catchwords so long as relations between nations were not scrutinized in the light of economic and social facts.

6. The Senegalese Government was actively preparing for the second session of the Conference and had set up an inter-ministerial working group for the purpose. Furthermore, the last Conference of Heads of State of the Organization of African Unity had unanimously adopted a resolution submitted by the Senegalese delegation concerning the convening at Algiers of a preparatory conference of the Third World, nicknamed the "economic Bandung of the three continents". Senegal placed great hopes in the success of the Algiers preparatory Conference which would strengthen the position of the developing countries at the second session of the Conference.

7. His delegation supported draft resolution A/C.2/L.909 and associated itself with the suggestions made by the Argentine delegation concerning the date of the second session of the Conference (1079th meeting).

Mr. Boiko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

8. Mr. Mohamed AL-ATRASH (Syria) said that the arguments in favour of establishing a capital development fund could be summarized thus: the developing countries needed more net external financial assistance without political strings and provided on easy terms through the United Nations. The representatives of some developed countries had objected that sufficient contributions to meet the needs of the developing countries would not be forthcoming for it. Yet it was a fact that the developed countries were in a position to guarantee the success of a capital development fund. Some of them were refusing because they were reluctant to finance capital formation in the developing countries through the United Nations. They were unwilling to relinquish the use of international assistance as a tool of foreign policy.

9. With regard to the item on UNCTAD, he recalled that the trade of the developing countries faced two basic problems: the short-term drop in their export earnings and the long-term worsening of their terms of trade. Implementation of the solutions recommended by the first session of the Conference had so far been very slow. Therefore, Syria had felt obliged to join the sponsors of draft resolution A/C.2/L.907, whose main provisions he outlined. Part C was mainly concerned with the problem of international liquidity, a matter to which the Committee had not so far given sufficient attention. It was a common knowledge that international liquidity comprised the foreign exchange reserves, including the gold tranches of quotas paid into the International Monetary Fund (IMF), of the various countries. It also included short-term credits granted to those countries. Of course, it included neither foreign exchange holdings outside the control of the monetary authorities nor long-term aid for development.

10. The object of international liquidity was to enable countries to finance short-term deficits in their balances of payments, and thus to make it unnecessary for them to resort to corrective measures harmful to the growth of their economies and to the world economy. The need for liquidity became less if countries were ready to resort to certain measures such as one or more of the following: (a) exchange restrictions or the intensification of such restrictions, (b) hasty

deflation at home, and (c) depreciation. There was general agreement that there was at present no general shortage of international liquidity. Such a shortage, however, might develop in the future if the main source of international liquidity, the deficit in the United States balance of payments, ceased to exist. Many schemes had been envisaged to deal with that eventuality. One of them, which had been discussed in the Ossola Report,^{2/} aimed at increasing directly the owned reserves of a limited number of countries. The Syrian delegation was against such a scheme precisely because of its limited membership. It was aware, however, that the scheme might confer indirect benefits on the less developed countries by increasing the imports of members. The fact remained that the owned reserves of members, which were rich countries, would increase by a stroke of the pen, while the reserves of non-members, which were mostly poor countries, would increase as a result of the surrender of real resources, in other words, as a result of a surplus in their balance of payments.

11. Any scheme to increase international reserves should be open to all countries willing to join, and should take into account the shortage of international reserves existing in the developing countries. The Syrian delegation therefore supported the scheme proposed by the UNCTAD Group of Experts on International Monetary Issues, which aimed at creating owned reserves in the form of IMF units against the surrender by members of local currencies in accordance with certain quotas based on those of IMF.^{3/} In addition, that scheme proposed a link between reserve creation and the granting of assistance. While such a link was highly desirable, it should not constitute an obstacle to the acceptance of the reserve creation part of the scheme. The Syrian delegation noted with satisfaction the statement made at the joint meeting of the Boards of Governors of IMF and the World Bank by Mr. Henry H. Fowler, Secretary of the United States Treasury, that there was general agreement "that deliberately created reserve assets, as and when needed, should be distributed to all members of the Fund on the basis of IMF quotas or of similar objective criteria".

12. The developing countries should not only benefit from any reserve creation, but should also participate in the negotiations leading to any reform of the international monetary system and in the operation of the resulting arrangement.

Mr. Tell, Jordan, resumed the Chair.

13. Mr. Amjad ALI (Pakistan) said that the second annual report of the Trade and Development Board (A/6315), which dealt for the first time with the substantive work of UNCTAD—for the first report^{4/} had concentrated primarily on matters of organization—showed that the progress so far made in applying the recommendations of the first session of the Conference was very inadequate. If the success of the second session of the Conference was to be ensured, discussions

aimed at inducing the developed countries to take the necessary action should be pursued, concurrently with the preparatory work, before the Conference was convened.

14. In regard to financing, for example, the information available showed that while the needs of the developing countries were increasing, the developed countries were showing a tendency to hold back. The supplementary financial measures envisaged at the first session of the Conference would benefit the developing countries only on very strict terms, which, unfortunately, they would not themselves have fixed; nevertheless, that financing would be useful to them, and it was to be hoped that the second session of the Conference would be in a position to take at least a general decision on the question. Similarly, he hoped that a decision would be taken with reference to IMF's compensatory financing to alleviate the effects of fluctuations in primary commodity prices; although it was only temporary, such a system could be a valuable complement to the resources of the developing countries.

15. There was also room for progress in other directions before the second session of the Conference met. For example, the Kennedy Round of negotiations, which was proceeding satisfactorily, still left in existence a large number of exceptions relating to goods exported by the developing countries. If some of those exceptions could be eliminated, the results of the negotiations would be more in keeping with the aspirations of the developing countries; for example, certain developed countries could perhaps reduce, in the interval remaining before the second session of the Conference, their customs barriers to cocoa imports, a product which was exported by a small number of countries but was the sole source of exchange for some of them. Secondly, the idea of a preference system applicable to manufactured goods exported by the developing countries seemed to be winning greater acceptance; there again, some steps could be taken before the second session of the Conference met. During the same period, again, the developed countries could perhaps consider reducing their customs barriers and removing quota arrangements preventing the access to world markets of manufactured goods produced by the developing countries, which, it should not be forgotten, were still of a very elementary kind.

16. As to the work to be done by the developing countries, themselves, a subject which the Secretary-General of UNCTAD had touched on in presenting his report, the expansion of trade between the developing countries was making progress, it was true, but would take a fairly long time to achieve, for many of the countries concerned were sellers of the same goods. Pakistan, for example, had to take care that its economic co-operation with Iran and Turkey did not result in undue competition for the textile industries of those two countries.

17. Turning to agricultural production, he said that Pakistan had been carrying on agrarian reform since 1958 and had tried to ensure the profitable utilization of modern techniques. Since that time production had increased steadily, but progress was unfortunately hampered by the inadequacy of Pakistan's industrial development; the country could produce neither chemi-

^{2/} Report of the Study Group on the Creation of Reserve Assets, 31 May 1965 (United States Government Printing Office: 1965 O-783-620).

^{3/} See International Monetary Issues and the Developing Countries (United Nations publication, Sales No.: 66.II.D.2), paras. 74-86.

^{4/} Official Records of the General Assembly, Twentieth Session, Supplement No. 15.

cal fertilizers, pesticides and insecticides nor agricultural machinery in sufficient quantity to expand production. That was a problem which faced all the developing countries; as had been the experience of the United States, the European countries and Japan, they would be able to improve their agricultural productivity only to the extent that they industrialized their economies.

18. He repeated the hope that before the opening of the second session of the Conference it would be possible to put into effect some of the recommendations of the first session of the Conference.

19. The CHAIRMAN suggested that the discussion should be suspended pending the outcome of the current negotiations, and that the Committee should turn to the report of the Committee on the general review of programmes and activities.

It was so decided.

AGENDA ITEM 52

General review of the programmes and activities in the economic, social, technical co-operation and related fields of the United Nations, the specialized agencies, the International Atomic Energy Agency, the United Nations Children's Fund and all other institutions and agencies related to the United Nations system (concluded).

ADOPTION OF THE DRAFT REPORT OF THE COMMITTEE (A/C.2/L.912)

20. Mr. REISCH (Austria), Rapporteur, presented the draft report of the Committee on the general review of programmes and activities (A/C.2/L.912).

The draft report (A/C.2/L.912) was adopted.

AGENDA ITEM 38

Establishment of a United Nations capital development fund: report of the Committee on a United Nations Capital Development Fund (continued) (A/6303/Add.1, chap. II; A/6418, A/6459, A/C.2/L.910 and Add.1, A/C.2/L.913, A/C.2/L.918)

21. Mr. de SEYNES (Under-Secretary for Economic and Social Affairs), referring to the financial implications of the draft resolution (A/C.2/L.910), said that the Secretariat had some criticisms of the current practice, which, he hoped, would soon be replaced by a better procedure. He had rarely felt more doubts than in the present instance, in view of the large number of possible alternatives. He asked the Secretary of the Committee to read out the statement of the financial implications of draft resolution A/C.2/L.910.

22. Mr. KITTANI (Secretary of the Committee) read out document A/C.2/L.918.

23. Mr. FRANZI (Italy), speaking on a point of order, requested that the Committee be given enough time to study the financial implications of the draft resolution, which amounted to several hundred thousand dollars and had not been communicated to the Committee purely for information.

24. The CHAIRMAN put draft resolution A/C.2/L.910 to the vote.

25. Mr. AUCHERE (France) recalled that his delegation had asked at the last meeting for a separate vote on paragraph 2 of article IV.

At the request of the Australian representative, the vote on paragraph 2 of article IV was taken by roll-call.

Iran, having been drawn by lot by the Chairman, was called upon to vote first.

In favour: Iran, Iraq, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Lebanon, Lesotho, Liberia, Libya, Madagascar, Malaysia, Mali, Morocco, Niger, Nigeria, Pakistan, Panama, Paraguay, Philippines, Rwanda, Saudi Arabia, Somalia, Sudan, Syria, Thailand, Togo, Tunisia, Uganda, United Arab Republic, United Republic of Tanzania, Upper Volta, Venezuela, Yugoslavia, Zambia, Afghanistan, Algeria, Argentina, Bolivia, Brazil, Burma, Cameroon, Central African Republic, Ceylon, Chad, Chile, Colombia, Congo (Democratic Republic of), Dahomey, Dominican Republic, Ecuador, Ethiopia, Gabon, Ghana, Guinea, Honduras, India, Indonesia.

Against: Italy, Japan, Luxembourg, Malta, Mongolia, Netherlands, New Zealand, Norway, Poland, Portugal, Romania, South Africa, Sweden, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Australia, Austria, Belgium, Bulgaria, Byelorussian Soviet Socialist Republic, Canada, Cuba, Czechoslovakia, Denmark, Finland, France, Greece, Hungary, Iceland.

Abstaining: Ireland, Israel, Malawi, Mexico, Senegal, Spain, Turkey, China, El Salvador, Guatemala.

Paragraph 2 of article IV was adopted by 59 votes to 31, with 10 abstentions.

26. The CHAIRMAN put to the vote the draft resolution, as a whole.

At the request of the representative of Kenya, the vote was taken by roll-call.

Kuwait, having been drawn by lot by the Chairman, was called upon to vote first.

In favour: Kuwait, Lebanon, Lesotho, Liberia, Libya, Madagascar, Malaysia, Mali, Morocco, Niger, Nigeria, Pakistan, Panama, Paraguay, Philippines, Rwanda, Saudi Arabia, Senegal, Somalia, Sudan, Syria, Thailand, Togo, Tunisia, Turkey, Uganda, United Arab Republic, United Republic of Tanzania, Upper Volta, Venezuela, Yugoslavia, Zambia, Afghanistan, Algeria, Argentina, Bolivia, Brazil, Burma, Cameroon, Central African Republic, Ceylon, Chad, Chile, Colombia, Congo (Democratic Republic of), Dahomey, Dominican Republic, Ecuador, Ethiopia, Gabon, Ghana, Guinea, Honduras, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Jamaica, Jordan, Kenya.

Against: Luxembourg, New Zealand, Norway, Portugal, South Africa, Sweden, United Kingdom of Great Britain and Northern Ireland, United States of America, Australia, Austria, Belgium, Canada, Denmark, Finland, France, Iceland, Ireland, Italy, Japan.

Abstaining: Malawi, Malta, Mexico, Mongolia, Netherlands, Poland, Romania, Spain, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics,

Bulgaria, Byelorussian Soviet Socialist Republic, China, Cuba, Czechoslovakia, El Salvador, Greece, Guatemala, Hungary.

The draft resolution, as a whole, was adopted by 62 votes to 19, with 19 abstentions.

27. Mr. LUBBERS (Netherlands) withdrew draft resolution A/C.2/L.913, which he had submitted in case draft resolution A/C.2/L.910 was not adopted.

The meeting was suspended at 5 p.m. and resumed at 6.25 p.m.

28. Mr. MURGESCU (Romania) stated that his delegation had abstained from voting on draft resolution A/C.2/L.910, not because it was opposed to the establishment of a capital development fund, which his country had always supported by its vote at the first session of UNCTAD in 1964 in favour of the recommendations contained in annexes A.IV.7 and A.IV.8 as two inseparable parts of one and the same problem, but because the draft resolution totally disregarded the recommendation A.IV.8, moving away from the idea of a gradual transformation of the United Nations Development Programme (UNDP) and ending up with the establishment of a parallel autonomous organization. His country was against the proliferation of organizations and believed that better results could be achieved by improving the activities of the existing organizations and using United Nations funds for development and not to defray additional administrative expenses.

29. It was for those reasons, moreover, that Romania had supported the amalgamation of the Special Fund and the Expanded Programme of Technical Assistance, which it had considered a first step towards the gradual transformation of the Special Fund component of the UNDP into a capital development fund. It had also voted in favour of General Assembly resolution 2042 (XX), which emphasized the connexion between the recommendations A.IV.7 and A.IV.8. The major responsibility for the present situation lay with certain delegations which were opposed to the gradual transformation of the Special Fund component of the UNDP into a capital development fund. His delegation hoped that, within the context of UNDP, they would come to realize the need for a single organization engaging simultaneously in pre-investment and investment activities.

30. Mr. CARANICAS (Greece) said he had hoped that the sponsors would withdraw draft resolution A/C.2/L.910 after the Netherlands delegation had submitted draft resolution A/C.2/L.913. The adoption of the first of those draft resolutions, which had been voted upon in a make-believe atmosphere, was in fact a decision to establish a capital development fund without any funds. It was obvious that the industrialized countries preferred to grant aid on a bilateral basis, and as the present stagnation of such aid was due primarily to the balance-of-payments difficulties they were experiencing, it was clear that less funds were now available to meet the increased needs of the developing countries. Even UNDP had not succeeded in raising the \$200 million which it would need for 1967, and was still \$30 million short of that figure. In those circumstances, to ask for additional funds to establish a new organization was unrealistic;

moreover, the main effort should concentrate on finding some better way of lightening the debt-servicing burden, which was the most urgent problem of the developing countries. He agreed with the United States representative when he stated (1083rd meeting) that, by definition, the creation of a capital development fund presumes that there will be funds made available to it to invest and of a size and type which would serve vital development goals.

31. Since 1952, his country had been one of those which had advocated the establishment of a capital development fund. It had also voted for UNCTAD recommendation A.IV.8 and for General Assembly resolution 1936 (XVIII), with respect to the gradual transformation of the United Nations Special Fund into a capital development fund in such a way as to include both pre-investment and investment activities. However, the draft resolution which had just been adopted belonged more to the realm of fancy than to the realm of fact; and his delegation had therefore been unable, for the first time, to support a draft resolution for the establishment of a capital development fund and had had to abstain.

32. Mr. ALACAM (Turkey) said that his delegation's affirmative vote should be interpreted as a logical consequence of its previous support of all similar resolutions in the General Assembly and at UNCTAD. However, the position taken by the developed countries meant that the United Nations Capital Development Fund would not have sizable resources and would be unable to bring about any marked increase in the flow of capital to developing countries. Consequently, the aim of the resolution would not be achieved.

33. Mr. PARDO (Malta) said that he had been unable to vote for the draft resolution, not because he disagreed with its aims but because he did not see the use of establishing a new organization with insufficient resources. Malta, a small country, would be obliged to pay a relatively large share of the Fund's administrative expenses, without deriving the slightest benefit. He regretted that the draft resolution had been pressed to a vote, when many other courses could have been explored. His delegation's abstention did not mean that it accepted the present situation; it was ready to consider any other proposal which might be submitted to the General Assembly.

34. Mr. MAKEEV (Union of Soviet Socialist Republics) said that his delegation's position had been stated repeatedly in the General Assembly, the Economic and Social Council and the Committee on a United Nations Capital Development Fund. It had always advocated establishing the Fund through General Assembly resolutions 1219 (XII), 1317 (XIII) and 1936 (XVIII), for that method was unquestionably the most logical and, in the view of his delegation, could be applied with the resources now available. It was, of course, regrettable that the establishment of a capital development fund had always encountered the same objections, but it was equally regrettable that the sponsors of the draft resolution which had been adopted had not taken account of the amendments to the draft statutes proposed by his delegation at the last session of the Committee on a United Nations Capital Development Fund and had thus sub-

mitted a text that was inconsistent with previous General Assembly decisions and UNCTAD recommendations and was not in the real interests of the developing countries.

35. In those circumstances, his delegation had been obliged to vote against paragraph 2 of article IV of the draft resolution, for it felt that the regular budget of the United Nations was not intended to finance the activities of a capital development fund, and it had been compelled to abstain on the draft resolution as a whole. Furthermore, his Government could not commit itself in any way with regard to a capital development fund established on the terms just adopted.

36. Mr. GALLARDO MORENO (Mexico) said that he had abstained, despite the fact that Mexico was a developing country and had always participated whole-heartedly in every effort to promote the progress of such countries. As he had said in his statement on the draft resolution (1078th meeting), his delegation did not think that a new body should be established unless it had every prospect of success. His position might have been different if he had seen a positive list of programmes in developing countries which could not be financed by existing world-wide and regional bodies.

37. Mr. PAPADOPOLO (Guatemala) said that foreign capital was particularly necessary for the development of Guatemala, which was a small country. Of course, his delegation regretted the large industrialized countries' opposition to the establishment of a capital development fund, but it feared that the establishment of such a body without additional sources of capital might threaten the resources of existing institutions, particularly the regional institutions, which were very useful to the developing countries. His delegation had therefore abstained.

AGENDA ITEM 44

Conversion to peaceful needs of the resources released by disarmament: report of the Secretary-General (A/6303, chap. XIII, sect. III and chap. XVI, sect. VIII; A/6444, E/4169 and Add.1)

38. The CHAIRMAN announced that no delegation had asked to speak on the question, and suggested that the Committee should take note with approval of Economic and Social Council resolution 1154 (XLI).

It was so decided.

The meeting rose at 7 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1088th
MEETING

Monday, 5 December 1966,
at 10.50 a.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 49

Operational activities for development (A/6303, chap. XII, sect. I and II; E/4150, E/4219):

- (a) Activities of the United Nations Development Programme (A/6450, A/C.2/231, A/C.2/L.917, DP/L.2 and Corr.1);
- (b) Activities undertaken by the Secretary-General (A/6446)

1. Mr. HOFFMAN (Administrator of the United Nations Development Programme) said that progress towards the goals of the United Nations Development Decade had been distressingly slow. The growth rate of most developing countries had been less than 4 per cent a year; the annual flow of international assistance had increased but little; and the aid-giving countries had become disenchanted with "foreign aid". Yet there were solid reasons for optimism. Much good work had already been done in the administration of assistance programmes and the foundations had been laid for more rapid progress in the remaining years of the Development Decade. The developing countries were facing the task of building viable economies with increasing realism. In the industrialized countries there was a growing awareness that the development process required more than money and must involve all the disciplines. The poverty of the developing countries was due not to lack of resources but to their under-utilization. It was therefore understood that the main effort must be to strengthen their economic, social and political structures rather than to transfer skills and equipment haphazardly. The most potent reason for encouragement was the excellent progress made by a number of developing countries.

2. Since the General Assembly had approved the consolidation of the Expanded Programme of Technical Assistance (EPTA) and the Special Fund (resolution 2029 (XX)), no effort had been spared to endow the United Nations Development Programme (UNDP) with a new dynamism, an increased capacity and greater efficiency. The enlarged Governing Council had provided splendid leadership and he trusted that the General Assembly, in taking note of documents E/4150

and E/4219, would be expressing its approval of the Council's action. It was gratifying that the Council now included so many highly skilled experts, for in the coming sessions it would have to consider such major issues as the further streamlining of UNDP activities, the possibility of project budgeting for the technical assistance component, the appraisal of future pre-investment needs, and problems of recruiting international experts.

3. The United Nations Development Programme had strengthened its ties with the participating agencies and, in the new Inter-Agency Consultative Board, the executive heads of the agencies had conducted useful exchanges of views and provided helpful advice. He welcomed resolution 31 (IV) of the Trade and Development Board and General Assembly resolution 2152 (XXI) which decided, respectively, to make the Secretary-General of the United Nations Conference on Trade and Development and the Executive Director of the United Nations Industrial Development Organization full members of the Inter-Agency Consultative Board.

4. In the field, collaboration had increased so as to provide integrated programmes of assistance from the whole United Nations family. A new agreement had been signed with FAO incorporating, within the office of the UNDP Resident Representative and under his over-all authority, the functions relating to field programmes formerly exercised by FAO country representatives. At the same time, UNDP had streamlined its organization at Headquarters.

5. As financial resources had increased the area of operations had expanded. The Governing Council had already approved projects for building pilot plants and demonstration works. Governments had indicated growing interest in projects aimed at improving rural life and in directing the energies of younger people into constructive channels. The Programme was approaching such opportunities eagerly and with flexibility, bearing in mind the need to respect the national sovereignty of Governments and to provide the best possible advice in negotiations with them. He had recommended that the General Assembly should maintain the tradition of respecting recipient Governments' wishes by leaving open to them the possibility of securing the services of operational experts in 1967 and 1968.

6. In 1966 expenditures and contractual commitments would exceed income for the first time. Actual programme expenditures should reach more than \$158 million. With the recent approval of \$110 million for technical assistance in 1967-1968, more than \$1.6 million worth of UNDP-supported projects were currently operational or about to start. The Programme

was providing roughly 42 per cent of their cost and the developing countries the remainder. No less than \$83 million had come from bilateral and other multi-lateral sources.

7. After quoting some of the encouraging results achieved in such major fields as industry, minerals, trade and tourism, and agriculture, he recalled that UNDP had sponsored the training of no less than one third of a million nationals of the poor countries. Those efforts to mobilize human capital would be energetically continued.

8. In 1965 he had reported that twenty-two of the pre-investment projects had stimulated \$1,063 million of investment. That figure had increased 50 per cent. Only thirty-one of the surveys and feasibility studies had thus far produced \$1,541 million of investment.

9. In the introduction to his annual report on the work of the United Nations (A/6301/Add.1), the Secretary-General urged that the annual resources for the Programme should reach a level of not less than \$350 million by 1970. Even though there had been larger pledges in 1966, so far the total for the coming year had reached only \$170 million. He therefore joined with the Secretary-General in entreating all Governments to review the amount of their pledges for 1967 and to raise them to the \$200 million target for that year. For 1968, UNDP would probably receive sound and urgent requests which would call for at least \$250 million of programme financing. He therefore appealed to the richer countries to give to the developing countries a slightly larger share of their skills and resources so as to spur the pace of global development and thereby help the majority of the earth's people achieve the lives of decency and dignity to which they were entitled.

10. Mr. HOO (Commissioner for Technical Co-operation) said that one of the most significant features of 1965 had been the emergence of the Governing Council of UNDP as the inter-governmental body which the Economic and Social Council and the General Assembly had made responsible for technical supervision of all United Nations operational activities. Those concerned with the administration of the regular programme would be happy to provide the Governing Council with the information required for reviewing the programme and looked forward to receiving guidance on ways of making assistance to developing countries as effective as possible.

11. Since 1946, when the United Nations had undertaken its first technical assistance activities, the scope of the regular programme had been extended gradually to include activities in economic and social development, public administration, advisory services in connexion with human rights, and narcotic drugs control, and it was anticipated that, in the future, assistance would be given to promote the teaching, study, dissemination and wider appreciation of international law. In 1965 assistance had been provided to 118 countries and territories and obligations had reached a total of \$34 million. The sum of \$14.1 million had been disbursed on projects for which the United Nations acted as executing agency for the Special Fund; in fact, the marked expansion of the regular programme in recent years was largely attributable

to the growing number of Special Fund projects for which the United Nations was the executing agency.

12. Trends in the programme naturally reflected the priorities assigned by Governments and the emphasis placed by regional economic commissions on certain projects or activities. Accordingly, if there had recently been an increase in economic and social development projects and a decline in obligations for public administration projects, that trend probably reflected the relative importance of fields of activity selected for special emphasis during the United Nations Development Decade. The over-all value of regional projects (excluding Special Fund projects) had, however, declined slightly in 1965, although 43.3 per cent of regular programme operations were devoted to regional and inter-regional projects.

13. A very high level of efficiency in programme planning and implementation under the regular programme was indicated by the fact that, of the 1965 appropriation of \$6.4 million, only \$6,704 had remained unused. It was hoped to achieve the same success in 1967, for which a similar appropriation had been recommended by the Governing Council and endorsed by the Economic and Social Council.

14. The United Nations ranked second among the ten agencies participating in the activities of the Special Fund component of the UNDP and had been appointed executing agency for 135 of the Fund's projects in 72 countries. Of those projects, forty-eight were concerned with the development of mineral resources, forty-one with engineering operations, seventeen with industrial research, training and pilot projects, and twenty-nine with planning and training. Assistance continued to be provided to Governments in connexion with public administration projects. The largest United Nations expenditures during the current year would be those on experts, equipment, contracts and study grants for nationals on projects in progress, on which between \$15 million and \$20 million would be spent.

15. United Nations expenditures under the regular and expanded programmes of technical assistance totalled \$15.5 million in 1965, as compared with \$17.1 million in 1964; the decline in obligations was, however, due to the fact that the greater part of the implementation of the Expanded Programme of Technical Assistance projects could normally be expected to occur during the second year of its 1965-1966 programming cycle. Of the funds available in 1965 under the regular, expanded and funds-in-trust programmes, 34.8 per cent was spent on projects in Africa, 24.7 per cent on projects in Asia and the Far East, 20.6 per cent on projects in the Americas, 13.1 per cent on projects in Europe and the Middle East and 6.8 per cent on inter-regional projects. Other financial resources available to the United Nations, in addition to those provided by UNDP, the regular programme and the funds-in-trust arrangements, were those authorized for the special educational and training programmes for South West Africa and the territories under Portuguese administration, those available from the World Food Programme and the United Nations Children's Fund and such special funds as might be contributed for activities in con-

nexion with industrial development, regional planning, housing and social defence.

16. It should be noted that 1965 had been a period of relatively modest growth in the level of resources available to the United Nations for its technical co-operation activities. The emphasis in United Nations programmes, however, continued to be on helping the Governments of developing countries to build the necessary infra-structure and to provide the basis for policy formulation which was essential to all other aspects of their development.

17. Continuing efforts were being made to bring about a closer relationship between the World Food Programme and other development programmes. The joint United Nations/FAO seminar on the use of food aid in support of economic and social development projects being held in Colombia and the inter-agency mission which had surveyed the feasibility of relating food aid to rural co-operative projects in Mexico were instances of such co-ordination of effort. It was therefore gratifying that the World Food Programme was to be continued indefinitely and that United Nations participation in the Programme was increasing continuously.

18. The increase in the use of inter-regional and regional advisers had made it possible for the United Nations to respond quickly to requests for short-term and emergency assistance, to meet unforeseen needs and to assist in the formulation of requests for assistance. The Governing Council had, however, felt that an evaluation of experience in the use of such advisers might be desirable and a report on the subject would be prepared for a future session of the Council.

19. General Assembly resolution 2034 (XX) authorized the Secretary-General, within certain limits, to draw on the Working Capital Fund in order to provide emergency assistance in cases of natural disaster. Assistance under that resolution had so far been granted to Western Samoa, Mongolia and Turkey. Copies of a manual on the resources and procedures of the United Nations family in dealing with emergency action following natural disasters had been supplied to all Resident Representatives of the UNDP.

20. The significant contribution made by United Nations technical co-operation programmes to the establishment of regional development banks was illustrated by the assistance provided in the case of the Asian Development Bank. Throughout the entire preparatory period, the expenses of the consultative committee and the preparatory committee, the project director and his staff, and other special personnel were borne by the regular programme and UNDP contingency funds.

21. In conclusion, he said that those concerned with United Nations programmes of technical co-operation were constantly aware that, while the needs of Governments were great, the resources available to meet them were limited. It was therefore gratifying that the three pilot evaluation teams which had visited Chile, Thailand and Tunisia during 1965^{1/} had re-

ported that the technical co-operation programmes could be viewed with satisfaction. The evaluation teams had, however, found it necessary to make a number of recommendations for improvements in the main operational phase of projects and programmes; those recommendations were being studied by the United Nations and the specialized agencies and consideration was being given to the development of methods and techniques of evaluation.

22. Mr. CHAMMAS (Lebanon) thanked the administrator of UNDP and the Commissioner for Technical Co-operation for their valuable and informative statements. He proposed that the statements should be issued as official documents of the Committee.

It was so decided.^{2/}

23. Mr. FRANZI (Italy) said that the Special Fund and EPTA had been consolidated for the purpose of administrative reorganization and satisfying the new requirements that had emerged in recent years. The enlarged membership of the Governing Council of the UNDP had not slowed down the tempo of its work and it had been able to take all its decisions by consensus without voting. It had concentrated on the innovations and changes to be made in the system rather than on the pre-investment programme submitted for its approval.

24. The most important new element was the desire of the Governing Council to play a bigger role in the selection, examination and execution of projects. It had also welcomed the submission of industrial pilot projects, thereby endorsing the views of the Second Committee that UNDP activities should be extended to financial assistance. A further new development was the request of the Governing Council for a report on the technical assistance activities of the specialized agencies financed with their own funds. On the basis of such a report, the Governing Council might possibly formulate recommendations or directives to the specialized agencies and thus become the central organ for all United Nations assistance activities. He hoped that the Committee for Programme and Co-ordination of the Economic and Social Council would be informed of that innovation.

25. The Administrator of UNDP had informed the Committee that UNDP pre-investment projects had generated 50 per cent more investment capital than a year before. Such figures should encourage Member States to approach the target of \$200 million set for 1967.

26. Mr. ROOSEVELT (United States of America) expressed the satisfaction of his delegation with the work of UNDP, to which the United States attached great importance as a major instrument for assisting developing countries. The increasing number of pre-investment and feasibility studies was an important prerequisite for accelerating capital investment in those countries, and the untiring efforts of the UNDP administration deserved the full gratitude and confidence of the international community.

^{1/} Official Records of the Economic and Social Council, Forty-first Session, Annexes, agenda item 15, documents E/4151/Add.1-3.

^{2/} The complete text of the statements made by the Administrator of UNDP and the Commissioner for Technical Co-operation was subsequently circulated as documents A/C.2/L.920 and A/C.2/L.921.

27. The United States shared the Administrator's concern over the gap between rising expectations and results: unless there was a substantial increase in pledges, which had fallen far short of the \$200 million target for 1967, the Governing Council would be unable to consider a number of projects to which recipient countries attached priority. He therefore urged Member States to respond to the call for a substantial increase in voluntary contributions, as the United States had done.

28. The thorough consolidation and co-ordination of the two components of the UNDP would lead to greater efficiency and release more resources for programme operations. It was to be hoped that the details of the new arrangement whereby the functions of FAO country representatives would be incorporated into the office of the Resident Representatives would be made available to the Governing Council at its next session, and that other similar agreements would soon be ready for its consideration.

29. The authorization to use funds from the former Expanded Programme of Technical Assistance for the provision of operational personnel had proved useful to a number of newly independent countries. His delegation hoped that the Committee would endorse the extension of that authorization and vote for draft resolution A/C.2/L.917. Despite the general recognition that more resources were needed to meet pre-investment needs, the fact that UNDP still had more than \$100 million in allocated funds, as well as the substantial gap between earmarkings and expenditures, indicated that the absorptive capacity of UNDP machinery was inadequate. It was therefore to be hoped that the study of the administrative capacity of UNDP and the executing agencies to meet priority needs, which his delegation had requested at the second session of the Governing Council, would be completed as soon as possible.

30. Since the activities undertaken by the Secretary-General in the matter of technical co-operation were reviewed by the UNDP Governing Council and by the Economic and Social Council, the Committee's agenda should in future include that item only when special problems which required its attention arose.

31. Mr. VIAUD (France) said that the Committee's function was to lay down guide-lines for the UNDP Governing Council, rather than to analyse the work of UNDP in detail. The difficulties involved in consolidating the former Special Fund and EPTA had not yet been fully overcome, and the technical assistance component of the UNDP, in particular, must be reconsidered to ensure its complete absorption into the new system and the proper allocation of technical assistance activities. In that connexion, he hoped that there would be increasing co-ordination between the regular programme of technical assistance—which should, in his delegation's view, eventually be abolished—and UNDP. There should be no administrative or constitutional difficulties to prevent the United Nations from acting as an executing agency for the technical assistance component of the UNDP, as it already did for the Special Fund component. The membership of the Governing Council was indeed highly qualified, but since representatives in the

Governing Council were administrators, they should be neither too expert nor too political.

32. The French delegation supported the recommendation to extend the authorization of funds for the provision of operational personnel and would vote in favour of draft resolution A/C.2/L.917.

33. Liaison between UNDP and its executing agencies in Europe was not always satisfactory and could perhaps be improved by establishing permanent liaison offices at the headquarters of the agency concerned, or at least a central liaison office in Europe.

34. While there was clearly a need for larger contributions to UNDP, it must not be forgotten that projects undertaken by the Special Fund component often benefited also from bilateral assistance. If the sum of such assistance was added to contributions from Member States, total resources would amount almost to the target of \$200 million. The aim of the Special Fund component was to assist developing countries through pre-investment studies, but inadequate consideration had been given to the question of how those studies were to be followed up. If a project was found to be feasible, the administration must be able to give effective and objective advice to the Government concerned on whether the project should be financed from public or private funds, and through multilateral or bilateral assistance. It was therefore to be hoped that the administration would submit to the next session of the Governing Council a set of criteria for following up pre-investment studies. The French delegation favoured the idea that the cost of the pre-investment studies, which were essential for investment proper, should be fully reimbursed to the Special Fund component by the organization subsequently concerned with such investment.

35. Mr. Shen-fu CHANG (China) noted that every effort must be made to increase the resources available to UNDP, in order to avoid reducing the number or scope of its projects, and expressed appreciation for the Administrator's efforts to streamline procedures and to derive the maximum benefit from the limited resources available. Programme evaluation should be continued and refined, and the results obtained utilized by executing agencies and recipient countries. The linking of follow-up financing with pre-investment activities was also of vital importance, and his delegation welcomed the Administrator's efforts to establish co-operation with potential investors during the preparation of projects.

36. His delegation attached great importance to pre-investment support for agricultural training, especially for farm extension workers, and was co-operating closely with many developing countries in Asia and in Africa in the introduction of new techniques for increasing agricultural production. China therefore welcomed the strengthening of agricultural demonstration activities by extension workers, and was ready to share its experience with other countries.

37. The shortage of international experts, which often delayed the implementation of approved projects, could perhaps be eased by recruiting more experts from developing countries. Such recruitment would have the added advantage that the experience of such experts might be of more practical use to Governments of

other developing countries than that of experts from highly advanced countries.

38. The regular programme of United Nations technical co-operation activities had evolved satisfactorily, and its flexible nature had enabled it to respond promptly to the needs of Governments. The efficiency of the system was indicated by the fact that programmes in 1965 had absorbed almost 100 per cent of available resources. The level of appropriations from the regular budget of the United Nations for technical co-operation should be maintained at \$6.4 million.

39. Mr. OLSEN (Denmark) said that his delegation supported the changes suggested for UNDP. Denmark had substantially increased its pledge for 1967 and, if other Governments did likewise, available resources

would not be far below the target of \$200 million. The growing experience and competence of UNDP were encouraging and would no doubt lead to better utilization of its resources.

40. The Danish delegation supported draft resolution A/C.2/L.917.

41. Mr. DELGADO (Senegal) said that the Italian representative's statement reflected the views of the UNDP Governing Council as a whole, particularly those of its African members.

42. The Italian Government deserved thanks for the generous hospitality it had provided for the Governing Council's session at Milan.

The meeting rose at 1.5 p.m.

United Nations
**GENERAL
ASSEMBLY**

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1089th
MEETING**

Monday, 5 December 1966,
at 3.20 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 42

Inflation and economic development: report of the
Secretary-General (*concluded*)

ADOPTION OF THE DRAFT REPORT OF THE
COMMITTEE (A/C.2/L.914)

1. Mr. REISCH (Austria), Rapporteur, introduced
the Committee's draft report on agenda item 42.

The draft report (A/C.2/L.914) was adopted.

AGENDA ITEM 41

Activities in the field of industrial development
(*continued*):

(a) Report of the Committee for Industrial Develop-
ment (*concluded*)

ADOPTION OF THE DRAFT REPORT OF THE
COMMITTEE (A/C.2/L.915)

2. Mr. REISCH (Austria), Rapporteur, introduced
the Committee's draft report on agenda item 41 (a).

The draft report (A/C.2/L.915) was adopted.

AGENDA ITEM 40

Accelerated flow of capital and technical assistance
to the developing countries: report of the Secretary-
General (*concluded*)

ADOPTION OF THE DRAFT REPORT OF THE
COMMITTEE (A/C.2/L.916)

3. Mr. REISCH (Austria), Rapporteur, introduced
the Committee's draft report on agenda item 40.

4. Mr. VARELA (Panama) asked that paragraph 17
should be amended in order to make it clear that his
delegation had agreed to withdraw its draft resolution
at the suggestion of the representative of Peru.

It was so decided.

*The draft report (A/C.2/L.916), as amended, was
adopted.*

Mr. Tell (Jordan) took the Chair.

AGENDA ITEM 44

Conversion to peaceful needs of the resources released
by disarmament: report of the Secretary-General
(*concluded*)

ADOPTION OF THE DRAFT REPORT OF THE
COMMITTEE (A/C.2/L.919)

5. Mr. REISCH (Austria), Rapporteur, introduced
the Committee's draft report on agenda item 44.

6. Mr. ELM (Iran) recalled that his delegation had
intended to submit a draft resolution on that item
but had decided otherwise after consulting a number
of representatives. He wondered whether the question
could be reconsidered at the next session.

7. The CHAIRMAN believed that in 1967 the Iranian
delegation could submit any new proposal it wished.

The draft report (A/C.2/L.919) was adopted.

AGENDA ITEM 49

Operational activities for development (*continued*)
(A/6303, chap. XII, sect. I and II; E/4150, E/4219:

(a) Activities of the United Nations Development
Programme (A/6450, A/C.2/231, A/C.2/L.917,
DP/L.2 and Corr.1);

(b) Activities undertaken by the Secretary-General
(A/6446)

8. Mr. DIAKITE (Mali) introduced draft resolution
A/C.2/L.917. The experiment made following the
adoption of General Assembly resolution 1946 (XVIII)
had been successful and the sponsors of the draft
resolution had decided to request the continued use
of the funds of the technical assistance component of

the United Nations Development Programme (UNDP) for the provision of operational personnel. The opportunity given to recipient Governments to appoint experts was a happy innovation which could only facilitate co-operation between the parties concerned. It was not enough for experts merely to be placed at the disposal of the Governments; they must above all be given a direct share in the operational work in the field. The Programme for the provision of operational, executive and administrative personnel (OPEX) met that requirement. In the case, for instance, of programmes affecting rural communities (improvement of rice growing by transplanting), it was only through the active participation of FAO experts that the peasants' distrust of new techniques had been overcome and satisfactory results obtained. Recipient Governments must ensure that the experts participated in the training of counterpart personnel. Collaboration in the field between experts and national specialists and a comparison of their experiences would be to their mutual benefit. Lastly, it was necessary to ensure closer co-operation between the participating organizations. The experiment was worth continuing despite many imperfections, particularly as far as the application of the principle of equitable geographical distribution was concerned. In that connexion OPEX would be well advised to make more use of experts from the socialist countries.

9. Mr. MAKEEV (Union of Soviet Socialist Republics) said that, owing to its increased resources and expanded activities, UNDP had become the cornerstone of all United Nations activities in the economic sector. His delegation doubted whether it was advisable to examine such an important question in the context of the Council's report (A/6303), as the representative of the United States had proposed at the previous meeting. The reports of the UNDP Governing Council (E/4150, E/4219) and of the Economic and Social Council showed that the operational activities of the United Nations had been the subject of lively debates. The main topic of discussion had been the direction that UNDP would follow in the future. Many countries had noted with concern that, notwithstanding some positive results, the programme had hitherto had almost no impact on the economic development of the Asian, African and Latin American countries. That situation was mainly attributable to serious shortcomings in the activities of the UNDP administration which had prevented the Programme from attaining the objectives set by the General Assembly, namely, to assist and supplement the efforts of the developing countries to solve the major problems created by their economic development, especially in the matter of industrial production. The administration of the Programme was confining itself entirely to pre-investment activities. It was not helping the developing countries to set up industrial plants and was doing its utmost to avoid the investment activities which nevertheless formed part of the terms of reference prescribed by the General Assembly for the Special Fund. That state of affairs was all the more regrettable as UNDP now had the resources it needed and as the contributions of many countries, including his own, were still not being used. The Committee should remind the UNDP administration of the need for expanding investment activities, and was entitled to expect the Administrator

to submit specific proposals on that matter to the Governing Council at its third session.

10. The second important issue which had arisen following the consolidation of the Special Fund and the Expanded Programme of Technical Assistance (EPTA) was that of the methods and fundamental principles of UNDP activities. Those principles could be summed up as follows: the Programme should be universal. All States, whether or not Members of the United Nations or members of the specialized agencies, should participate. The assistance provided under the Programme should be aimed primarily at helping the developing countries to create national industries, to raise the technological level of agriculture and to train national cadres. Assistance provided should not be used as a pretext for interfering in the internal affairs of recipient countries and should not be made subject to political, military or economic provisions. The contributions of States to the Programme should be voluntary and paid in a convenient form. Assistance should be provided at the request of Governments and in accordance with the priorities laid down in the national plans of the recipient countries. The industrial development of the developing countries should be assisted under the Programme in accordance with national plans. It was important to take into account the desire of many of those countries to strengthen the public sector of their economy. Concurrently with the pre-investment projects, UNDP should undertake an increasing number of investment activities. The principle of equitable geographical distribution should be strictly observed in the recruitment of experts and UNDP staff members and in the awarding of fellowships. The activities of experts, project directors and senior officials of UNDP should be systematically reviewed, *inter alia*, by the General Assembly.

11. Assistance should in no case be used to help countries and régimes participating directly or indirectly in aggressive wars against the peoples of developing countries fighting for their national liberation. Those principles should underlie the day-to-day activities of the Programme and the decisions of the General Assembly on technical and economic assistance, but unfortunately they were often ignored by the UNDP administration and certain influential donor countries. Other serious shortcomings of the Programme were apparent from the reports of the teams responsible for evaluating the efficiency of the technical assistance provided by the United Nations to Tunisia, Chile and Thailand.^{1/} Those teams had found that the technical assistance given was not sufficiently geared to the needs of the developing countries and that it was badly co-ordinated with the long-term plans of those countries and spread over a large number of small projects which were often imposed on the countries concerned by the specialized agencies. In certain cases, the execution of the projects was slow usually because of the problems involved in recruiting experts. Those difficulties were attributable in turn to the administration's policy with regard to cadres. The efficiency of technical assistance should be evaluated by the UNDP Governing Council and the Economic and Social Council. In that connexion it was clear that the

^{1/} Official Records of the Economic and Social Council, Forty-first Session, Annexes, agenda item 15, documents E/4151/Add.1-3.

rapid increase in overhead and administrative personnel could only detract from efficiency. Nor was it right that, in the executive bodies of the Programme in the regional services and the specialized agencies, most of the practical work should be assigned to representatives of Western countries, while the developing countries and the socialist countries were in practice denied the opportunity of participating in the preparation and execution of programmes. The discrimination against candidates from the Soviet Union and other socialist countries should be strongly condemned. Those candidates were often kept out by staff members of the United Nations and of UNDP on trivial pretexts. Those shortcomings and those violations of the principles proclaimed by the General Assembly had compelled his delegation to reiterate the proposal it had made at the twentieth session of the General Assembly^{2/} to include representatives of the socialist countries and of the developing countries among the co-administrators of UNDP.

12. The functioning of the United Nations regular programme was unsatisfactory in the view of many delegations. Appropriations under that programme continued to be spread over inefficient small projects, while sufficient attention was not paid to industrial development. The number of regional and inter-regional advisers, whose activities were particularly irksome to the developing countries, was on the increase. The regular programme was actually being used surreptitiously to swell the ranks of the Secretariat and of the regional economic commissions. The Soviet delegation wished to draw the Committee's attention to the fact that the Commissioner for Industrial Development was not taking practical steps to utilize the USSR's contributions to the regular programme. The 1967 programme did not provide for any activity in which Soviet organizations would take part. He supported the proposals to exclude that programme from the United Nations regular budget and to finance it through voluntary contributions under the control of the Governing Council of UNDP. United Nations economic and technical assistance could be a valuable complement to bilateral aid. Soviet organizations were currently taking part in executing United Nations technical assistance projects. The developing countries had expressed their satisfaction with the seminars held in the USSR on chemical fertilizers, the metal industry, the utilization of water resources, the financing of investment, etc. In 1967 and 1968, seminars and symposia would be held on new methods of mineral prospecting, the working and enrichment of iron ore, increased productivity in the construction industry, town planning, the utilization of bituminous shale and the organization of statistical services. The Soviet Union was ready to welcome more fellows in all specialities.

13. With reference to draft resolution A/C.2/L.917, the Soviet delegation was not opposed to the continued use of the funds of the technical assistance component of the UNDP as a temporary measure, but it considered that the emphasis should be placed primarily on the training of national personnel and not on the use of foreign specialists. Finally, he hoped that the

General Assembly would be able to come to the conclusion in 1968 that the programme in question was no longer unnecessary.

14. Mr. Donald MACDONALD (Canada) expressed his delegation's thanks to the Administrator and Co-Administrator of UNDP and to their colleagues. His delegation was happy to note the progress made since the consolidation of the Special Fund and EPTA and the action proposed by the UNDP administration to derive the maximum benefit from that consolidation so as to improve project formulation, execution and follow-up.

15. Efficient leadership was essential in the field as well as at Headquarters and he was happy to see that the co-ordinating role of the Resident Representatives of UNDP was being strengthened and that henceforth the country representatives of FAO would be under their authority.

16. The Canadian delegation sincerely hoped that the target of \$200 million for 1967 would be reached. It considered that it had done its best since, in terms of the yardstick mentioned by the Administrator (1088th meeting), the Canadian Government's contribution to UNDP in each of the previous two years and for the current year had been almost double its percentage contribution to the United Nations regular budget. It hoped that other countries, and particularly certain developed countries whose population and gross national product were greater than Canada's, would be able to increase the amount of their contributions in proportion to their assessments and thus help to close the gap of \$30 million.

17. The Canadian delegation shared the desire expressed by the Administrator of UNDP and the Secretary-General to see more pre-investment activity, since such work was the very foundation for the economic growth of the developing countries. The surveys, which could save capital for productive use, were particularly essential at a time when the developing countries faced a shortage of capital. For that reason, the Canadian delegation laid heavy stress on the importance of supporting UNDP activities.

18. Sir Edward WARNER (United Kingdom) associated himself with the thanks addressed to the Administrator of UNDP and the Commissioner for Technical Co-operation for their statements at the previous meeting. The statistics quoted by the former on follow-up investments were indeed impressive. Further, his delegation welcomed the recent agreement between FAO and UNDP, whereby the FAO country representatives were to be placed under the authority of the UNDP Resident Representatives; it hoped that other agencies would follow suit before long.

19. The United Kingdom delegation was in full agreement with the proposals concerning the provision of operational personnel contained in draft resolution A/C.2/L.917. It disagreed with the USSR representative's criticisms of the management of UNDP and wished to reiterate its confidence in the latter.

20. Finally, he announced that the United Kingdom Government was maintaining its contribution to UNDP for 1967 at the same level as for 1966, namely, the equivalent of \$11.75 million, of which \$4.75 million

^{2/} See Official Records of the General Assembly, Twentieth Session, Annexes, agenda item 51, document A/6111, para. 10.

was for the technical assistance component and \$7 million for the Special Fund component.

21. Mr. PIÑERA (Chile) expressed his delegation's satisfaction with the work done by the Administrator of UNDP and his colleagues and with the progress made since the consolidation of the Special Fund and EPTA. That progress opened up new prospects.

22. At the previous meeting, the Administrator of UNDP had made some particularly encouraging comments. In the first place, a growing number of developing countries were making realistic efforts to plan their development. Secondly, and especially, the world possessed enormous human and natural resources and the poverty of the developing countries was only due to insufficient utilization of those resources. Thus maximum efforts must be made to exploit them and not, as some seemed to think, to restrict the growth of the world's population. Since, as the Administrator had said, some developing countries had been able to exceed by a considerable margin the economic growth rate of 5 per cent per annum, others could do so if their resources were fully exploited.

23. The Chilean delegation was of the opinion that thought should be given to the possibility of enlarging the membership of the Governing Council, so as to ensure a more equitable representation of the developing countries in the preparation of the Programme. It also thought that the United Nations Industrial Development Organization (UNIDO) should, like the United Nations Conference on Trade and Development (UNCTAD), play an important part in that preparation.

24. In conclusion, he congratulated the administration of UNDP on the useful work it had accomplished in spite of inadequate resources and shared the Administrator's hope that, in an age when the gross national product of the industrialized nations amounted to \$1,480,000 million a year, those countries would make the necessary effort to enable UNDP to do even more fruitful work.

25. Mr. AKSIN (Turkey) said that the primary objective of the United Nations, which was to ensure world peace, would only be achieved in so far as it succeeded in shaping a better world. The United Nations Development Programme played a vital role in fulfilling that objective. Thanks in part to their dynamic administration, both at Headquarters and in the field, the Special Fund and EPTA had, since their inception, succeeded in channelling an important flow of pre-investment and technical assistance funds from the affluent to the developing countries. The consolidation of the two programmes had already enabled great progress to be made during the past year in streamlining operations and, consequently, in enhancing their effectiveness.

26. Turkey, which was a member of the Governing Council of UNDP, was reserving its detailed comments until the Council's third session and only wished to express its satisfaction with the administration of the programme's activities. That satisfaction found practical expression in the announcement of his Government's contribution for 1967 of \$603,000, a sum which was, proportionately, among the highest pledged by the developing countries. It hoped that the

target of \$200 million for 1967 would be achieved so that the Programme's operations need not be curtailed.

27. The Turkish delegation would support the draft resolution concerning the use of the funds of the technical assistance component of the UNDP for the provision of operational personnel (A/C.2/L.917).

28. Mr. M'BAYE (Guinea) reiterated his Government's thanks to the Administrator and Co-Administrator of UNDP and to the Commissioner for Technical Co-operation. He would support the draft resolution concerning the provision of operational personnel (A/C.2/L.917), for his country had had an opportunity to appreciate the quality of the services of such personnel, who had showed themselves to be capable of setting aside all considerations of national allegiance in order to comply with the political choices made by a given recipient country to further its economic development. He hoped that the draft resolution, whose provisions could be highly useful to the developing countries, would be unanimously adopted.

29. Mr. VARELA (Panama) said that he had already stressed the importance he attached to the activities of UNDP, both in the Economic and Social Council and in the Second Committee in connexion with the question of the establishment of a capital development fund, and he wished only to comment on a suggestion the representative of France had made at the previous meeting. The French representative had suggested that expenditures incurred by the Special Fund component of the UNDP for pre-investment studies should be reimbursed to it by the organizations which subsequently supplied the investments to which the studies had led. That suggestion would certainly help UNDP financially, but it would run counter to the interests of the developing countries. It must not be forgotten that pre-investment studies led mainly to investment by the public sector in the establishment of an infra-structure. If the Governments of the developing countries were obliged to add the costs of UNDP pre-investment studies to the burden of those investments, the volume of international aid would thus be markedly reduced, particularly since, as the Administrator of UNDP himself had acknowledged in a recent article, the developing countries had borne the largest part of the cost of the programme up to now: 604 large-scale projects approved between 1959 and 1966, costing a total of \$1,400 million, had been financed to the extent of \$823 million, or 59 per cent of the total, by contributions from the developing countries. If the French suggestion was adopted, it was probable that international finance institutions would expect the countries in which capital was invested to bear the costs of reimbursement to UNDP, which would mean in effect that they would assume the total cost of the assistance.

30. He would vote in favour of the draft resolution before the Committee (A/C.2/L.917) in order to testify to his Government's confidence in the UNDP administration.

31. Mr. NEAL (Liberia) said that he was very pleased with the progress made since the merger of the Special Fund and EPTA towards the three main objectives of UNDP, namely, harmonization of policies through the Inter-Agency Consultative Board, complete merger of

the administrations of the two programmes and strengthening of the control of the Governing Council over UNDP's activities.

32. The figures the Administrator of UNDP and the Commissioner for Technical Co-operation had quoted at the previous meeting showed the extent of the multilateral assistance received by the Third World, thanks to UNDP's pre-investment activities. The Liberian delegation therefore earnestly hoped that the target set for contributions for 1967 would be reached, so that UNDP could carry out its programme.

33. His delegation would support the draft resolution on the provision of operational personnel (A/C.2/L.917).

34. Mr. KADRY (Iraq) was convinced that the success of technical assistance and pre-investment activities was due largely to the expert management provided by the Administrator and Co-Administrator of UNDP and their assistants, and to the Commissioner for Technical Co-operation. He was glad to see the Governing Council of UNDP give particular attention to measures which would make it possible to rationalize and to co-ordinate still further the activities of the United Nations and the specialized agencies, and he welcomed the proposal calling for the participation of the Secretary-General of UNCTAD and the Executive Director of UNIDO in the Inter-Agency Consultative Board of UNDP.

35. The Iraqi delegation had increased its contribution by about 30 per cent in 1967. It deeply regretted the failure to reach the target of \$200 million and hoped that the appeal for the remaining \$30 million would be heeded. While he shared the enthusiasm of the Administrator of UNDP about the part that body could play in achieving the aims of the United Nations Development Decade, he was concerned at the inadequacy of the flow of multilateral assistance and capital to the developing countries.

36. Broader criteria should be considered for the distribution of technical assistance. In strengthening the authority of the resident representatives, it would be desirable to authorize them, at the request of the Government concerned, to use funds which had remained unused owing to the time required for the recruitment of experts. Strengthening the authority of resident representatives was also the best means of ensuring integration of the programmes of the United Nations and the specialized agencies at the local level.

37. His delegation had studied the reports of the evaluations teams^{3/} sent to three different countries with great interest and would carefully examine the report the Secretary-General was to make on the new measures that were to be taken in that matter, in pursuance of Economic and Social Council resolution 1151 (XLI). It would support the draft resolution on the provision of operational personnel (A/C.2/L.917).

38. Mr. KAUL (India) associated himself with the thanks other delegations had offered to the Administrator and Co-Administrator of UNDP and to the Commissioner for Technical Co-operation.

39. The Indian Government had shown its support for UNDP's activities by maintaining its contribution

for 1967 at the level of \$3 million, which, in view of the devaluation of the rupee, represented an increase of 57.5 per cent over its contribution for 1966. His delegation shared the concern expressed by the Administrator of UNDP over the total of contributions for 1967 and associated itself with his appeal to States which were in a position to do so to increase their pledges so that the target of \$200 million could be reached and UNDP could continue its very useful pre-investment work.

40. The progress in the direction of greater efficiency that had been made in one year, thanks to the merger of the Special Fund and EPTA, was encouraging. It was to be hoped that, in preparing the programme for coming years, account would be taken of the need to place emphasis on the industrialization of the developing countries, since it was now recognized that industrialization often had a great influence on progress in agriculture.

41. At its fourth session, the Trade and Development Board had recommended in its resolution 31 (IV) that UNDP should call on UNCTAD's services in carrying out projects relating to export promotion, market studies and so on. He hoped that UNDP's activities in that sphere would be intensified in the future and would be closely co-ordinated with those of UNCTAD, GATT (General Agreement on Tariffs and Trade) and UNIDO.

42. Mr. WOULBROUN (Belgium) thought that the progress needed in the utilization for development of the immense human and material resources to which the Administrator of UNDP had referred must be not only quantitative, but also qualitative. Although the programmes could be undertaken only at the request of Governments, the Governing Council could consider laying down some criteria to assist Governments in the selection of projects. The criteria might stress the possibility for the countries concerned of submitting requests for the execution of regional projects in certain defined fields. Evaluation of completed projects might also make qualitative improvements possible.

43. The United Nations Development Programme should make every effort to speed the process of consideration of requests and execution of projects, and the recruitment procedure should be improved, perhaps through the use of contractual services.

44. The Governing Council should likewise consider the relative merits of projects relating to training, assistance to technical schools and planning institutes, on the one hand, and of studies of natural resources, transport, and energy on the other, in order to help Governments to submit balanced requests. The Belgian delegation also welcomed the strengthening of the role of resident representatives and the increased co-operation between participating organizations that was being established in the field.

45. The Italian representative had wisely drawn the Committee's attention to the role of UNDP's Governing Council with regard to the activities of participating organizations. Although those organizations were subject to the control of their own legislative bodies, it was desirable that, as executing agencies of UNDP,

^{3/} See foot-note 1.

they should take the Governing Council's recommendations into account.

46. All those questions should be considered by the Governing Council one by one in due course, but it was nevertheless true that UNDP, although capable of improvement, was performing unprecedented services in the promotion of economic development.

47. Mr. POLIT (Ecuador) said that the first reports submitted to the Committee since the merging of the Special Fund and EPTA contained some encouraging features and other which were less encouraging. Among the first were the comments of the Administrator of UNDP on the developing countries' increasing use of United Nations technical assistance and the improvement of the technical level of the Inter-Agency Consultative Board. The Board's members did, indeed, need to be highly experienced in order to be useful to the administration of the Programme. On the other hand, it was most regrettable that, while the developing countries needed aid more than ever, the target for contributions for 1967 had not been reached. At a time when the industrialized world, rebuilt after the war, thanks to the United States Government's generosity, was enjoying unprecedented prosperity, it was essential to increase the flow of assistance to the developing countries. That was why the developing countries were particularly interested in the work of the UNDP administration.

48. His delegation was very pleased with the progress during the past year and did not doubt that the UNDP leadership would continue to increase the effectiveness of the Programme. It also hoped that an improvement in the international climate would enable the developing countries to take greater advantage of the large sources of technical skills the socialist countries could offer.

49. Ecuador had had an opportunity to benefit from the services of the operational personnel provided by the participating agencies under EPTA. For that reason, it had joined in sponsoring draft resolution A/C.2/L.917, which he hoped would be adopted unanimously.

50. Mr. AHMED (Pakistan) was gratified to see UNDP becoming more and more active under the expert direction of Mr. Hoffman and Mr. Owen and hoped that increased contributions would enable it to enlarge its role. The growth of pre-investment activities enabled the developing countries to accelerate their industrial progress. Pakistan had increased its contributions, which would amount in 1967 to \$500,000 for the Special Fund component and \$250,000 for the technical assistance component.

51. He regretted that in some cases the experts appointed for projects were not available when the recipient countries gave their consent. It also happened sometimes that the expected services were not provided. As a result, there were delays in the execution of projects. The candidates appointed must be available immediately, for otherwise all the assistance would be useless. Moreover, the executing specialized agencies frequently gave the recipient Governments no choice of candidates, by nominating only one candidate for each post. However, those were merely

observations rather than criticisms. Pakistan was very pleased with the work UNDP had done there.

52. Mr. NATORF (Poland) said that his country greatly appreciated the activities of UNDP, which, through a continuous process of evolution, had been able to adapt itself to different economic conditions and to the needs of the developing countries. It was in that spirit that Poland was taking part in the Governing Council and co-operating with UNDP. He was disturbed, however, by the attempts of some delegations to set up rigid criteria in the various spheres of action of the Programme. It was no doubt essential that the activities should be based on certain criteria in such matters as distribution of resources, adoption of projects and financing. But the criteria should be very flexible if useful results were to be achieved. The Governing Council had thus far acted flexibly and had already approved some pilot and demonstration projects under the "liberalization of activities" mentioned by Mr. Hoffman. That process of evolution was very useful to the developing countries receiving aid. He had been glad to note that, in 1966, expenditure had exceeded income for the first time, as a result of the Governing Council's decision several years earlier to abandon its unduly rigid original financial criteria.

53. Another excellent characteristic of UNDP was the universal nature of its financial support, and he believed that that feature should be extended to offers of assistance. Furthermore, UNDP had the unique quality of being a technical co-operation programme in which countries took part both as donors and as recipients, united in a common effort to accelerate world economic development. In the future, however, there must be a closer relationship between UNDP projects and the economic development plans of the recipient countries.

54. The decision to subordinate FAO representatives in the field to UNDP Resident Representatives for administrative purposes was a step in the right direction with regard to the definition of the role to be played by the specialized agencies in technical assistance. He was also gratified by the Administrator's statement that administrative expenses had to be kept at a minimum. It was to be hoped that that decision would be translated into fact and that administrative expenses would represent the same percentage as in other international agencies.

55. Poland would continue to scrutinize the problems posed by the activities of UNDP in a spirit of constructive criticism, as the Administrator had asked.

56. Mr. KOCHUBEI (Ukrainian Soviet Socialist Republic) said that the merger of the Special Fund and EPTA should have increased the efficiency of the two components combined under UNDP, whose activities his delegation considered very important. United Nations technical assistance should contribute to the economic growth of the developing countries in the most important respects, and especially in industrialization, as the General Assembly, the Economic and Social Council and UNCTAD had indicated in a number of decisions and recommendations. Unfortunately, that attitude was not reflected in the actions of the administration of the Programme, which continued to

follow the line of the Special Fund and devote itself especially to pre-investment, neglecting investment. After the merger, UNDP had had annual assets of \$158 million, which could have been used for investment in certain industrial projects. The Special Fund component of the UNDP had unused assets from earlier contributions, which had amounted to \$170 million on 1 January 1966; UNDP could undertake investment projects side by side with its pre-investment activities.

57. It was not true that no assets were available for investment projects, for the contributions of many countries were being used rather irrationally. Thus, the Ukrainian contribution, unused for almost six years, should serve to promote the economic growth of developing countries, particularly since the Ukraine was one of the most highly developed countries in every respect and could provide assistance of the most varied kinds.

58. The report on the Governing Council's second session (E/4219) showed that new initiatives had been taken to establish co-operation with potential investors as early as the pre-investment period and that efforts were being made to establish an increasingly close link between the pre-investment period and investment properly so called. Foreign investors must reimburse UNDP for its pre-investment expenses, a procedure regarded as normal in every country. The administration of UNDP had, however, done everything on earth to see that the work benefited foreign monopolies first of all. Private investors must be compelled to refund the pre-investment and infra-structure expenses incurred in their interest.

59. Since the Administrator of UNDP had attached great importance to agricultural questions in his statement, he wondered what was the attitude of the UNDP administration towards certain progressive agrarian reforms in developing countries.

60. With regard to the principle of universality, it was illogical to call for increased resources to finance technical assistance and, at the same time, to reject the co-operation of some countries simply in deference to the political views of certain Powers. Moreover, his delegation could not agree to United Nations participation in a programme of technical assistance in the administrative field.

61. The principle of equitable geographical distribution must also be applied to UNDP, particularly in the distribution of fellowships and in the selection of experts to be sent to the developing countries. There were still many shortcomings in that regard in United Nations technical assistance.

62. His delegation also urged that more attention should be given to developing the public sector in the developing countries.

63. He regretted that the Commissioner for Technical Co-operation had said nothing about what plans the administration had for making use of the contributions of certain Member States for the benefit of the developing countries. In 1965, for example, a course for metallurgists had been organized at Zaporozhye, in the Ukraine, under the regular programme of technical assistance, and twenty-five fellowship

holders had attended for six months. In 1966, thirty-nine fellowship holders had attended similar courses in the Ukraine for a period of six months. The technical assistance administration had not taken the opportunity to make use of the contributions made by the Ukraine in national currency. He found that surprising and would like to have an explanation.

64. Mr. ARNAUTU (Romania), observing that the problems of development and technical co-operation had become one of the main subjects of discussion at international meetings, stressed the importance of the activities being carried out under the auspices of UNDP to promote greater understanding and co-operation between States.

65. As a country which was in the midst of the development process, Romania was glad to have contributed to the more intensive circulation of material and spiritual values by steadily increasing its voluntary contribution to UNDP during the past three years and diversifying its assistance to other countries within the limits of its means. Romania had also benefited from UNDP's activities. He wished to express his delegation's satisfaction at the positive nature of the activities carried on by that body and under other United Nations technical co-operation programmes and also at the remarkable contribution made by the Administrator of UNDP. Specialization courses for oil technicians covering periods of several months were given each year in Romania, and scholarship holders attended courses in various fields which were organized in that country in co-operation with the specialized agencies. Romania would be glad to act as host for the symposium on urbanism which the Committee on Housing, Building and Planning was to hold in 1968. His delegation wished to express gratitude to all those who had granted scholarships to Romanian specialists so that they could improve their technical knowledge.

66. He emphasized the positive nature of the increasing practice of preparing and financing pilot projects for the purpose of initiating the development of certain regions and important economic sectors in recipient countries and of the efforts made to assist those countries in training their own specialists and applying the conquests of modern science and technology. A particularly important task of UNDP was to promote industrialization, and co-operation between UNDP and UNIDO would surely prove fruitful. He also wished to note that the technical assistance component of the UNDP played an important catalytic role in development by disseminating the advances of technology and science.

67. The United Nations Development Programme should, however, give more attention to the training of national technical personnel, without which it was not possible to achieve real economic development. Unfortunately, training fellowships still accounted for only a small part of the technical co-operation programme in comparison to the number of experts sent, and the number of such fellowships was declining. The 15 per cent figure set many years ago for the funds to be used for the training of national technical personnel should be increased, and the present structure of the regular programme of technical assistance should be re-examined with a

view to achieving greater flexibility in the utilization of financial resources. Nearly half of the funds available were earmarked for the regional advisers, who could not make up for the lack of trained national personnel. It might be preferable to use those funds to establish institutes under UNDP sponsorship to train personnel for certain vital sectors of the economies of the developing countries.

68. His delegation also felt that the number of countries participating in the dissemination of technological experience and scientific knowledge should be increased; every country had something to give or to receive in that process. Although the problems of development had assumed huge proportions, 80 per cent of the natural resources and 90 per cent of the human resources available in two thirds of the world remained unexploited. The Programme should therefore encourage greater co-operation between the developing countries, which would help to reduce the present gap between the highly industrialized countries and those in the process of industrialization. That would represent an important new phase of UNDP's activities and a promising field for international co-operation.

69. While expressing its appreciation of UNDP's activities, his delegation felt that the time had long since arrived for that body to undertake investment operations which met the requirements of the developing countries and to begin the gradual implementation of some of the recommendations made by UNCTAD and the General Assembly.

70. He was certain that UNDP's activities would prove increasingly fruitful and that their role in building peace would be recognized by all.

71. Mr. REYES (Philippines), associating himself with the appreciation expressed to the Administrator and Co-Administrator of UNDP and to the Commissioner for Technical Co-operation, said that he had been most interested in their statements at the previous meeting. The Philippines was one of the countries which benefited from the activities of UNDP, to which it also made a modest contribution, and his Government and people were grateful for the assistance given to their development programme. He regretted that the Committee was discussing UNDP's activities at such a late stage in its work, when there was little time left for consideration of the subject. It would have been useful to discuss, *inter alia*, the substantial progress already achieved in such fields as realistic development planning by Governments, inter-agency co-ordination, regional co-operation, integrated consideration of the economic and social aspects of development, assistance to essential pre-investment projects, the key role played by the training of national personnel in the development process, and the continuing improvement of technical

assistance methods. While progress made was encouraging, it should be borne in mind that the purpose was to improve the means of attaining the ultimate goal of the United Nations Development Decade, which was to accelerate the economic development of the countries of the Third World at a rate and on a scale sufficient to reduce the world's increasing economic bipolarization.

72. It was apparent from the statements presented by the Administrator of UNDP and the Commissioner for Technical Co-operation that now that the tools and methods of technical assistance had been improved, the Governments of the developing countries were ready to take a decisive step forward. The United Nations and the developed countries must recognize that there was an exceptional opportunity to take that step; it was merely a question of taking the necessary political decision and of taking appropriate action to achieve the objectives of the Development Decade by providing the additional resources which were needed. The dilemma and the irony of economic development, with regard to both pre-investment and investment in the true sense, was that, as Mr. Hoffman had said, "so little could do so much". The Governments and agencies participating in UNDP, as well as all States Members of the United Nations, should be guided by that thought.

73. The CHAIRMAN, replying to the Philippine representative's comment, recalled that the decision to discuss UNDP's activities at the present stage had been taken following consultations. The fact that the session was approaching its end should not prevent representatives from presenting their views.

74. Mr. DIAKITE (Mali), speaking as one of the sponsors of draft resolution A/C.2/L.917, proposed that both the English and French texts should be regarded as the original texts of the resolution; he also suggested that the French text of the operative part should be amended to substitute the words "de prolonger, à titre temporaire, l'autorisation d'utiliser" for the words "d'autoriser provisoirement l'utilisation prolongée".

75. The CHAIRMAN put to the vote the draft resolution concerning the provision of operational personnel under the technical assistance component of the UNDP (A/C.2/L.917).

The draft resolution was adopted.

76. The CHAIRMAN suggested that the Committee should duly note the Secretary-General's notes on the activities of UNDP (A/6450) and on the activities undertaken by the Secretary-General (A/6446).

It was so decided.

The meeting rose at 6.25 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1090th
MEETING

Tuesday, 6 December 1966,
at 10.55 a.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 37

United Nations Conference on Trade and Development: report of the Trade and Development Board (continued)* (A/6303/Add.1, chap. I; A/6315, A/6501, A/C.2/L.909/Rev.1, A/C.2/L.911, A/C.2/L.923 and Corr.1, A/C.2/L.924 and Corr.1, A/C.2/L.925 and Corr.1)

1. Mr. CHADHA (India) stated that, following informal discussions, the sponsors of draft resolution A/C.2/L.907 had agreed to divide it into four new draft resolutions. While the draft resolution relating to the implementation of the recommendations adopted at the first session of the United Nations Conference on Trade and Development (UNCTAD) was still under discussion, those relating to the second session of the Conference (A/C.2/L.923), technical assistance in trade and related fields (A/C.2/L.924) and international monetary reform (A/C.2/L.925) were before the Committee.

2. He introduced draft resolution A/C.2/L.923 and indicated the points in which it differed from the original text (A/C.2/L.907, part B). In the first preambular paragraph, the words "ways and means of implementing the recommendations" had been replaced by the words "consideration of further action for the implementation of the recommendations", in order to bring the wording closer to that of the draft provisional agenda for the second session of the Conference. In the second preambular paragraph, the words "and to seek to achieve" had been replaced by the words "with a view to achieving", in accordance with the suggestion of the Mexican delegation. In the same paragraph, the nature of the negotiations was specified; a similar change had been made in operative paragraph 2. In order to obtain a wider measure of agreement, the specific reference to developed countries in the last preambular paragraph had been deleted.

3. The dates for the second session of the Conference suggested by the Argentine delegation had been incorporated into operative paragraph 1, and the words "for

seven weeks" deleted; as a result of that action, Argentina joined the list of co-sponsors. The references to consultations among the members of regional economic commissions and to inter-commission consultation in operative paragraph 4 had been omitted in order to avoid the implication that joint meetings, rather than consultation between secretariats, were envisaged. In operative paragraph 5, the word "other" had been deleted, since the bodies referred to in that paragraph were not all fully international.

4. The sponsors of the draft resolution hoped that it would receive the Committee's unanimous approval.

5. Mr. OLUMIDE (Nigeria), introducing draft resolution A/C.2/L.924, said that the provision of United Nations technical assistance in trade and related fields would greatly assist UNCTAD's endeavours. The draft resolution was intended to enable UNCTAD to give full substantive support to technical assistance activities in trade and such fields as export promotion, shipping, insurance and tourism, without duplicating existing machinery or incurring additional expenditure. Because the United Nations, of which UNCTAD was a part, was a participating agency of the United Nations Development Programme (UNDP), the proposal to make UNCTAD's Secretary-General a full member of the UNDP Inter-Agency Consultative Board would enable UNCTAD to utilize fully the various operational and administrative services of UNDP without itself becoming a participating agency. The draft resolution was therefore intended to amend paragraph 6 of General Assembly resolution 2029 (XX) to that effect.

6. The Nigerian delegation hoped that the draft resolution, which was non-controversial, would receive unanimous approval.

7. Mr. BLAU (United States of America) pointed out that the reference to General Assembly resolution 2029 (XX) had been erroneously omitted from operative paragraph 2 of the draft resolution.

8. Mr. OLUMIDE (Nigeria) said that the paragraph in question should in fact read:

"Decides to amend operative paragraph 6 of General Assembly resolution 2029 (XX) of 22 November 1965 so as to include the Secretary-General of the United Nations Conference on Trade and Development as a member of the Inter-Agency Consultative Board of the United Nations Development Programme".

9. Mr. HAMEED (Ceylon) stated that draft resolution A/C.2/L.925 incorporated the ideas relating to international monetary reform contained in part C of draft resolution A/C.2/L.907. In an earlier statement (1079th meeting), his delegation had referred to the

*Resumed from the 1087th meeting.

very serious liquidity problems of developing countries, many of which had restricted their imports and foreign exchange payments. The acute need which those countries already had for additional reserves could be expected to rise with economic growth and increased trade, and it was essential that international participation in vital decisions closely affecting developing countries should be as broad as possible. The need for such full representation in all discussions and decisions leading to international monetary reform was recognized in operative paragraph 1 of the draft resolution, without any specific reference to the exact form which consultations should take. The International Monetary Fund (IMF) could invite the participation of either the group of thirty-one developing countries which had presented a memorandum on international liquidity¹ or the Secretary-General of the United Nations together with the members of the Group of Experts on International Monetary Issues. All groups which the sponsors had consulted had agreed that the system of reporting on developments, referred to in operative paragraph 2, was vitally necessary for solving international liquidity problems.

10. Mr. LAMPREIA (Brazil), introducing draft resolution A/C.2/L.909/Rev.1, said that the words "to conclude a Cocoa Agreement" had been added at the end of operative paragraph 1 in order to avoid the inference that the United Nations Cocoa Conference of 1966 had been a total failure. The appeal contained in operative paragraph 4 had been strengthened by extending it to both consumer and producer countries, and the sub-paragraphs of operative paragraph 5 had been omitted, in order to meet the objection that the General Assembly should not prescribe the specific methods by which a cocoa agreement might be reached.

11. The Brazilian delegation hoped that the revised draft resolution, which represented a compromise, would receive the Committee's unanimous support.

12. Mr. GALLARDO MORENO (Mexico) said that his delegation was gratified by the sponsors' decision to deal with the matters covered in the original draft resolution in separate draft resolutions. He thanked the sponsors for incorporating his delegation's suggestions into draft resolution A/C.2/L.923; his delegation would vote in favour of that document and of draft resolution A/C.2/L.909/Rev.1.

13. The third preambular paragraph of draft resolution A/C.2/L.925 did not, however, add anything of value to the guide-lines set out in operative paragraph 1 for the participation of the developing countries in decisions on international monetary reform and should be deleted.

14. Mr. NEDIVI (Israel) said that operative paragraph 1 of draft resolution A/C.2/L.925 answered most of the questions his delegation had had in mind in submitting amendment A/C.2/L.911; the amendment was accordingly withdrawn. He agreed with the observations of the representative of Mexico on the third preambular paragraph. As the text stood, the operative part could be interpreted as referring only to the unsatisfactory informal arrangements mentioned in that paragraph. He suggested that the

text should be amended so as to refer specifically to the informal participation of certain developing countries in the meetings concerned.

15. Mr. BOIKO (Ukrainian Soviet Socialist Republic) supported the suggestion of the representative of Mexico. The text of draft resolution A/C.2/L.925 would be clearer and more realistic if the third preambular paragraph was deleted.

16. Mr. KITTANI (Secretary of the Committee) informed the Committee that the adoption of draft resolution A/C.2/L.923 would have the following financial implications. As operative paragraph 1 provided for the second session of the Conference to be held in New Delhi in February-March 1968, the original provision in the 1967 budget estimates for \$1,833,000 to cover preparatory work for the session would be reduced to \$295,500 which would cover certain pre-conference documentation and other expenditures.

17. Mr. ROOSEVELT (United States of America) proposed that the meeting should be suspended for a short time to permit delegations to hold consultations concerning the draft resolutions just introduced.

It was so decided.

The meeting was suspended at 11.40 a.m. and resumed at 12.10 p.m.

18. Mr. Donald MACDONALD (Canada) said that his delegation was prepared to support the four draft resolutions. It attached particular importance to the appeals in operative paragraphs 3 and 4 of draft resolution A/C.2/L.923 to pay special attention to preparations for the second session. It was to be hoped that the preparatory work would lead to specific recommendations on priorities and thus enable the tentative list of topics to be reduced to manageable proportions.

19. One of UNCTAD's achievements had been to induce the international community to acknowledge the importance of international trade as a factor in any new world strategy for development. The first essentials of any policy for expanding international trade were, as the Canadian Minister of Finance had recently pointed out, the conclusion of reasonable commodity agreements, the elimination of tariffs on tropical products, with appropriate compensatory arrangements for producing countries which benefited from existing preferences, and the development of a world financial system capable of supporting an increased volume of trade and solving balance-of-payments problems. The aim of the second session of the Conference should be to lay the foundations for a system in which the action of donors and recipients was mutually adjusted and it would therefore be profitable for it to concentrate on a limited number of issues of the types he had mentioned.

20. Mr. CHADHA (India) announced that, in response to suggestions by a number of delegations, the sponsors of draft resolution A/C.2/L.923 had decided to add the following fifth preambular paragraph:

"Noting with satisfaction the proposal to hold a Ministerial-level meeting of the developing countries in preparation for the second session of the Con-

¹/ Official Records of the Trade and Development Board, Third Session, Supplement No. 14, annex I.

ference and the recommendation of the Assembly of Heads of State and Government of the Organization of African Unity, held at Addis Ababa from 5 to 9 November 1966, that the meeting be held at Algiers."

21. The sponsors realized that the adoption of operative paragraph 1 of the draft resolution would probably require the Trade and Development Board to rearrange its calendar of meetings for 1967 and might necessitate the convening of a special session of the Board for that purpose. They accordingly proposed that the Committee should adopt the following decision, which would be included in its report:

"The Committee decided to recommend to the General Assembly that the Trade and Development Board be invited to hold a special session for one day, to be convened in New York as soon as possible, in order to review the calendar of UNCTAD meetings for 1967 which it adopted at its fourth session in the light of the decision to postpone the second session of the Conference."

22. Mr. CAMEJO ARGUDIN (Cuba) said that his delegation hoped the sponsors of draft resolution A/C.2/L.923 would explain whether the proposed meeting of developing countries at Algiers would include all developing countries, or only those which were members of the group of seventy-seven. His country was not a member of that group, although it co-operated closely with it on all matters of common interest, and his delegation was therefore concerned at the possibility that the General Assembly would be required to express its satisfaction at arrangements for a meeting from which one developing country was excluded.

23. Mr. MARTIN WITKOWSKI (France) proposed that, in accordance with rule 121 of the rules of procedure of the General Assembly, the vote on draft resolution A/C.2/L.925 should be deferred. The text differed in some respects from that agreed upon in informal consultations and further consultations might help to produce a document acceptable to all.

24. Mr. LOBANOV (Union of Soviet Socialist Republics) said that the draft resolution on international monetary reform (A/C.2/L.925) was extremely complex and required further study. He therefore hoped

that it would not be put to the vote for two or three days.

25. The CHAIRMAN said that the Committee seemed to be ready to vote on draft resolution A/C.2/L.909/Rev.1 but he would allow a reasonable time to elapse before putting the other texts to the vote.

26. Mr. ROOSEVELT (United States of America) said that his delegation would have great difficulty in accepting the preambular paragraph which the representative of India proposed to add to draft resolution A/C.2/L.923. It would constitute a bad precedent if the General Assembly were to note with satisfaction private meetings being held by various groups of countries. He therefore hoped that the sponsors would not press that proposal.

27. Mr. CHADHA (India) said that, as certain of the sponsors also had difficulty with the additional paragraph, he would withdraw it.

28. Mr. WALDRON-RAMSEY (United Republic of Tanzania) said that, although India had withdrawn the paragraph, his delegation wished to re-introduce it. He was not convinced by the arguments put forward by the United States representative and saw absolutely no objection to the inclusion of the paragraph. References to groups of States had been included in other resolutions, in particular General Assembly resolution 1995 (XIX) establishing UNCTAD.

29. His delegation agreed that the Trade and Development Board should be asked to hold a special session to review the calendar of UNCTAD meetings in 1967.

30. His delegation did not consider that there were any constitutional objections to the participation of Cuba in the Algiers meeting.

31. Mr. CAMEJO ARGUDIN (Cuba) thanked the representative of the United Republic of Tanzania for his understanding attitude. During the first session of UNCTAD Cuba had not been allowed to participate in the meetings of the seventy-seven developing countries although it obviously belonged to that category. It would therefore be highly improper for the General Assembly to note with satisfaction a meeting of the developing countries from which Cuba was excluded.

The meeting rose at 12.55 p.m.

United Nations
GENERAL
ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1091st
MEETING

Tuesday, 6 December 1966,
at 4.35 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 37

United Nations Conference on Trade and Development: report of the Trade and Development Board (continued) (A/6303/Add.1, chap. I; A/6315, A/6501, A/C.2/L.909/Rev.1, A/C.2/L.923 and Corr.1, A/C.2/L.924 and Corr.1, A/C.2/L.925 and Corr.1)

1. The CHAIRMAN invited the Committee to vote on the draft resolution concerning an international agreement on cocoa (A/C.2/L.909/Rev.1).

The draft resolution was adopted unanimously.

2. The CHAIRMAN invited the Committee to continue its discussion of draft resolution A/C.2/L.923.

3. Mr. ROOSEVELT (United States of America) thanked the sponsors for the understanding they had shown during the consultations. As would be remembered, the United States had difficulty with the words "by means of negotiation aimed at securing", in the second preambular paragraph and in operative paragraph 2. As the sponsors had not agreed to include in the draft resolution the amendments he had proposed, a compromise solution had been found, and he therefore formally moved the inclusion of the following text in the report accompanying the draft resolution:

"It is understood that by 'negotiation' is meant any process of arriving at the greatest possible measure of agreement among all countries participating in the Conference, and not negotiations conducted by plenipotentiaries."

4. The CHAIRMAN suggested that that interpretative text should be included in the report.

5. Mr. DELGADO (Senegal) regretted the turn which the debate on the draft resolution had taken at the preceding meeting, after the delegation of India, at the request of some African delegations, had introduced a proposal mentioning the recommendation of the second session of the United Nations Conference on Trade and Development (UNCTAD) adopted at the third session of the Assembly of Heads of State and Government of the Organization of African Unity (OAU). The matter had been badly presented, and there had been ill-intentioned attempts at interpretation distort-

ing the nature of the recommendation. Last-moment manoeuvres had been spoken of. But if a proposal was constructive, it mattered little at what point it was made. It was because of the importance of the second session of UNCTAD that the Assembly of Heads of State and Government had studied the problem at Addis Ababa and had adopted a recommendation on the principles by which the second session of the Conference should be governed. The General Assembly should take note with interest of that constructive action, which would enhance the prestige of the Conference and give it added status. In view of the close co-operation between OAU and the United Nations, the action of the third session of the Assembly of Heads of State and Government should be emphasized. Under its Charter, OAU was a regional organization supplementing the efforts of the United Nations to promote international co-operation. There was a co-operation agreement between the two organizations which had been ratified by the General Assembly in its resolution 2011 (XX). Many precedents existed of the General Assembly's taking note of the action of regional organizations; it had done so, in particular, on the eve of the first session of UNCTAD.

6. It was on the basis of those precedents and principles that the delegations of Senegal and Rwanda proposed the addition of a paragraph to the preamble of draft resolution A/C.2/L.923, reading:

"Taking note with interest of the recommendation of the third session of the Assembly of Heads of State and Government of the Organization of African Unity, held at Addis Ababa from 5 to 9 November 1966, for the convening of a ministerial conference of developing countries to prepare their participation in the second session of the United Nations Conference on Trade and Development."

The only purpose of the proposal was to take note of the existence of the recommendation, without any ulterior motive whatsoever. Any other interpretation distorted the sponsors' intention in raising the matter. It should be easy to agree on that proposal, on which consultations were now in progress.

7. Mr. CAMEJO ARGUDIN (Cuba) thought that by his statement the representative of Senegal had only increased the confusion which had prevailed at the end of the preceding meeting. The Cuban delegation had asked the sponsors a question to which their spokesman had been unable to reply. The representative of the United Republic of Tanzania had spoken for a number of the developing countries; there had been a number of points of order, and proposals had been withdrawn by their sponsors and taken over by other delegations; he was not sure what the present state of affairs was, but his question had been intended solely

to clarify the situation in order that his delegation could make up its mind. The representative of Senegal had failed to take the confusion into account, and had spoken in abstract terms and mentioned "ill-intentioned attempts". It would be useful if he would explain what he meant.

8. With regard to the proposed new paragraph to be inserted in the draft resolution, Cuba had every sympathy for the African States, its policy was close to theirs, and it wished to participate in all projects which would help developing countries. The basic question was one of definition: when some of the sponsors spoke of the developing countries, did they mean all countries in that position or only the members of the Group of Seventy-Seven Developing Countries? He once again requested the representative of Senegal to answer that question.

9. Mr. WALDRON-RAMSEY (United Republic of Tanzania) said that he withdrew his delegation's proposal, which had been based on the proposal put forward and later withdrawn by the sponsors of the draft resolution at the previous meeting, in favour of the proposal of Senegal.

10. The Cuban representative's comments challenged the definition of developing countries, namely, the composition of the Group of Seventy-Seven Developing Countries; that question lay solely within that Group's jurisdiction. His own delegation had no objection to Cuba joining the Group, but it could speak only on its own behalf.

11. Whether the United States representative's text relating to the second preambular paragraph and operative paragraph 2 of draft resolution A/C.2/L.923 should be included in the Committee's report should be decided when the Committee adopted the report. Nevertheless, as the Chairman had asked the Committee to rule on the matter now, he stressed that he did not agree with the United States representative's interpretation of the text of the two paragraphs in question. That text was extremely precise, and it was obvious that it would not be possible to achieve the practical and complete results mentioned in the second preambular paragraph and the specific action programmes mentioned in operative paragraph 2, except by means of negotiation on agreements which Governments would firmly intend to apply, in other words, negotiations carried on by plenipotentiaries. The interpretation which the United States representative was trying to place on the draft resolution might confront the second session Conference with the very problem which had hampered the work of the first session—disagreement on the mandatory character of the Conference's recommendations. That was precisely what must be avoided.

12. If some delegations meant to indicate that their Governments had no intention of applying any agreements that might be reached at the Conference, that was a warning to be borne in mind.

13. The CHAIRMAN emphasized that it was not his intention to rush the adoption of the text proposed by the United States representative for inclusion in the report, and that he had merely invited the Committee's views on the subject.

14. Mr. ROOSEVELT (United States of America) remarked that the comments of the representative of the United Republic of Tanzania were not in accord with the statement made by the representative of India at the preceding meeting on behalf, as he had thought, of all the sponsors of the draft resolution. In the circumstances, he felt obliged to explain the reasons for his proposal, which the representative of India had accepted and which would enable the United States delegation to vote for the draft resolution. He did not think that all the representatives at the Conference could be plenipotentiaries and he certainly could not commit his own delegation to appoint plenipotentiaries, for they could hardly be appointed to negotiate items on an agenda which had not so much as been adopted. The United States delegation was in full agreement with the aims of the draft resolution if the word "negotiation" as mentioned in it was as he had interpreted that word; if, on the contrary, negotiations conducted by plenipotentiaries were meant, his delegation would have to review its position. He sincerely hoped that the representative of the United Republic of Tanzania would be able to accept the interpretation given at the preceding meeting by the representative of India.

15. Mr. M'BAYE (Guinea) said that if the Second Committee tried to define "negotiation", or the actual nature of the negotiations, it might be trespassing on the province of the Conference itself, for it was the Conference which was responsible for defining the scope of the proceedings at its second session. The draft resolution as it stood seemed to offer no ground for objection.

16. The Guinean delegation regretted that the draft proposed by the representative of Senegal did not mention Algiers, the choice of which Guinea had supported for the meeting of ministers of developing countries.

17. So far as Cuba was concerned, he wished to state that Guinea maintained excellent relations with that country and was prepared to sit with it at any meeting of any kind.

18. Mr. DJOUDI (Algeria) supported the insertion in the preamble to draft resolution A/C.2/L.923 of the paragraph proposed by the representative of Senegal. The General Assembly had already on several occasions taken note of the recommendations adopted by organs outside the United Nations system; and so far as the Senegalese proposal was concerned, the United Nations maintained relations with the OAU which were based on General Assembly resolution 2011 (XX) and on the co-operation and mutual assistance agreement concluded in November 1965 between the Economic Commission for Africa and the OAU. Moreover, the recommendation made by the Assembly of Heads of State and Government of OAU had a close connexion with the preparatory work for the second session of UNCTAD. As to the matter on which some delegations had just made statements, the Algerian delegation felt that the question was not one for the Second Committee to settle.

19. Mr. BRADLEY (Argentina) said that his delegation was unfortunately compelled to withdraw its request to the sponsors of the draft resolution to be included among the list of sponsors. That request had

been made on the basis of an apparently logical interpretation of the draft resolution. If the word "negotiation" implied that participants in the Conference would have to have plenipotentiary powers, his instructions did not permit him to commit his Government.

20. Similarly, he was favourably inclined towards the Senegalese representative's proposal, but again had no instructions permitting him to take any position on the matter. He wished in any case to make a formal statement that his delegation would not be able to participate in or give its support to any meeting of the developing countries, wherever and at whatever level it might be held, which was attended by representatives who had not been duly approved by the countries' members of the group. In that event Argentina would be prepared to withdraw from the Group of Seventy-Seven Developing Countries.

21. Mr. DELGADO (Senegal) said that he wished to assure the representative of Cuba that in proposing, with other African delegations and the delegation of India, the new preambular paragraph which he had read out, his delegation had had no ulterior motive and had simply sought to cause the General Assembly to take note of a recommendation of the Assembly of Heads of State and Government of OAU which was of considerable importance to the preparatory work for the second session of UNCTAD. The question of the composition of the Group of Seventy-Seven had nothing to do with the Second Committee and should be settled within the Group itself on the occasion of the ministerial conference to be held to prepare for the second session of the Conference. His Government maintained excellent relations with Cuba, which moreover exercised a considerable cultural influence on Senegal.

22. Mr. WOULBROUN (Belgium) said that while he had listened with interest to the brilliant statement of the representative of the United Republic of Tanzania, it was to be feared that the new interpretation he was seeking to place on the draft resolution would not help the Committee in its work. In studying the draft resolution the Belgian delegation had given the word "negotiation" the same interpretation as the United States delegation; but the word could of course be interpreted in many ways, and it should therefore be made clear that the draft resolution was not referring to negotiation by plenipotentiaries.

23. The Belgian delegation hoped that the second session of UNCTAD would be more constructive than its first, and would include negotiations which would pave the way for a later meeting of plenipotentiaries appointed to conclude agreements. If the draft resolution was to be interpreted in the sense in which it was understood by the representative of the United Republic of Tanzania, Belgium would have to reconsider its position, and would moreover be unable to participate in the second session of the Conference, since it would not be in a position to send plenipotentiaries.

24. Mr. CHAMMAS (Lebanon) said that the Second Committee had no item entitled "Group of Seventy-Seven" on its agenda and had no grounds for discussing the composition or structure of the Group. It nevertheless seemed that a debate on that subject was taking shape; such a debate could not be approved by his delegation, and he hoped that the need would not

arise to raise points of order to terminate it. It was true that the General Assembly had in some cases noted or endorsed decisions adopted by important international organizations such as OAU; there was thus no fundamental reason why the Senegalese representative's request should not be met. However, the second session of UNCTAD would not be meeting until February 1968, by which time the preparatory conference at Algiers would already have held its session and would have made more important recommendations which could doubtless be taken into consideration in 1967. Perhaps, therefore, the Senegalese representative could withdraw his proposal, which had created a situation liable to escape the Committee's control.

25. As to operative paragraph 3 of draft resolution A/C.2/L.923, the Lebanese delegation fully endorsed the interpretation given by the representative of India. It was essential to ensure "effective participation" in the Conference whatever the rank of the representatives attending it. In the United States proposal it would be wise to delete the word "all", which would give every country a right of veto and thus make it possible for one participant to hold up the work of the Conference.

26. The CHAIRMAN expressed the view that after the explanatory statements of the representatives of Senegal, Algeria and the United Republic of Tanzania it was quite clear that the Senegalese proposal had nothing to do with the composition of the Group of Seventy-Seven.

27. Mr. ROOSEVELT (United States of America) said that he agreed to the deletion of the word "all" in his proposal.

28. Mr. GALLARDO MORENO (Mexico) said that in view of the setbacks suffered by the first session of UNCTAD, heavy responsibilities rested on its second session. That being so, it would be useful to define exactly what was meant by negotiation. The task of the second session of the Conference would be to lay the foundations for agreements whose terms and entry into force would be negotiated elsewhere. In the case of the supplementary financial measures, for example, the Conference should formulate the fundamental principles to be applied, while the subsequent negotiations would take place in the competent financial institutions.

29. Mr. CAMEJO ARGUDIN (Cuba) said that he was not at all impressed by the Lebanese representative's words of warning and caution. The Cuban delegation wished Cuba's status to be defined unequivocally. The Argentine representative had left no doubt on that subject; the point was in fact to exclude Cuba from the Group of Seventy-Seven. His delegation had not raised the question whether Cuba was or was not a developing country. Cuba fully supported the aims of the Group of Seventy-Seven, and he asked whether the Senegalese representative's statement could be interpreted as meaning that all countries which had the characteristic features of under-development and were resolved to struggle for the defence of their common interests were developing countries. He wished in conclusion to thank the representative of Guinea for the sympathetic words he had spoken of Cuba.

30. Mr. MARTIN WITKOWSKI (France) said that the French translation of the words "including consideration of further action" in the first preambular paragraph of draft resolution A/C.2/L.923 should be made somewhat more flexible.

31. Mr. CHAMMAS (Lebanon), speaking in exercise of his right of reply, said that his observations had been concerned with the discussion which had taken place after the withdrawal of the Indian proposal. They had been totally distorted by the representative of Cuba. Lebanon had no intention of addressing warnings to anyone. Moreover, many other speakers had raised the question of the Group of Seventy-Seven, and the same right could not be denied to the Lebanese delegation, which felt that the matter was not one within the Committee's competence.

32. Mr. CHADHA (India) said he had hoped in submitting draft resolution A/C.2/L.923 that it would

meet with the Committee's unanimous support. However, the proposals submitted by Senegal and the United States had given rise to differences of opinion. That being so, the wisest course would be to postpone the vote on the draft resolution and to engage in informal negotiations with a view to reaching broader agreement. In the interval, the Committee could perhaps adopt draft resolution A/C.2/L.924.

33. The CHAIRMAN put to the vote the draft resolution concerning technical assistance in trade and related fields (A/C.2/L.924 and Corr.1), as orally amended by the representative of Nigeria (1090th meeting, para. 8).

The draft resolution was adopted without opposition.

The meeting rose at 6.5 p.m.

United Nations
**GENERAL
ASSEMBLY**

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1092nd
MEETING**

Wednesday, 7 December 1966,
at 10.50 a.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 48

United Nations Institute for Training and Research:
report of the Executive Director of the Institute
(A/6303, chap. XIII, sect. II; A/6500 and Corr.1
and 2, A/6515, A/C.2/L.927)

1. Mr. D'ARBOUSSIER (Executive Director, United Nations Institute for Training and Research) explained that it was not his intention to seek praise for what the United Nations Institute for Training and Research (UNITAR) had achieved in the first twenty months of its operations; the report of UNITAR (A/6500 and Corr.1 and 2) would, however, show that many of the hopes he had expressed in the twentieth session of the General Assembly were being fulfilled. When he had introduced the first report of UNITAR to the Committee (987th meeting), he had been able to speak only of intentions, whereas he was now in a position to report on achievements.

2. During the year under review the Institute had evaluated the activities undertaken in its first experimental phase and had come to the conclusion that there was a need to raise the level of the training programmes, to increase their number and, through regional decentralization, to ensure a multiplier effect. As instances of the higher level of training programmes, he mentioned the Seminar on Major Problems of the United Nations Technical Assistance and the new specialized programmes. It was also hoped that there would be more programmes in the near future. Their cost, however, necessarily limited the number of those who could benefit from them and it was hoped that decentralization would help to solve that problem, in addition to enabling more officials to be trained at a fraction of the cost, without depriving their countries of their services for too long a period. Moreover, decentralization would improve co-operation between UNITAR and similar institutes in other countries and so ensure the best possible use of local and international resources.

3. The distinguishing characteristic of UNITAR's research programme was that it was directed towards the study of basic trends in the promotion of peace and development in a rapidly changing world and not towards immediate solutions to the day-to-day prob-

lems of the United Nations. The specific research subjects were listed in the report of the Executive Director and the Committee would note that they fell under three main headings: development and modernization, studies in the field of international organization, and trans-national studies in the fields of human rights and international law; it was hoped that UNITAR's research would contribute towards improving the efficiency of the United Nations system.

4. In the operations of the Institute, training and research were treated as interdependent: changing needs necessitated research, and the results of research were applied to the training programmes. Similarly, no rigid distinction was made between training and research in the work assigned to the staff.

5. The first Adlai E. Stevenson Memorial Fellowships had been awarded, for which funds had been provided by the United States Government. It was to be hoped that that Government's example would encourage others to provide the Institute with the resources it needed to increase the number of fellowships in future years.

6. In addition to the modest resources shown in its budget estimates, UNITAR obtained supplementary funds through its collaboration with other organizations and special contributions for specific research projects. Its small staff had been selected on the basis of qualifications and with a view to the participation of all regions of the world and all schools of thought. The Institute had from its inception attached special importance to co-ordination, particularly with other United Nations institutes, and it hoped to be able to further the work of a number of the main committees in the future.

7. In conclusion, he expressed the hope that the Institute's approach of imaginative innovation coupled with prudence in execution would amply justify the confidence placed in it by Member States and private organizations.

8. Mr. AL-RIFAIE (Kuwait) said that it was gratifying that UNITAR had passed from the formative stage to actual operations. His delegation believed, however, that priority should be given, in the Institute's activities, to training designed to meet the acute needs of the developing countries. For that reason, it was in favour of the proposed decentralization of training programmes, which would enable some of them to be undertaken in developing countries and thus be of immense benefit to institutes, such as the Institute for Planning in his country, which were engaged in similar activities.

9. The programmes relating to development financing and technical assistance, and the Seminar on Major

Problems of United Nations Technical Assistance, would help developing countries to derive the maximum benefit from external assistance and lead to better co-operation between the United Nations and recipient Governments. A parallel research project—the study of methods of evaluating technical assistance projects—would greatly strengthen United Nations assistance activities. The studies on the transfer of technology and on the problems of certain small countries were both valuable and timely; a number of the other research projects, however, were purely academic and UNITAR should concentrate on projects which were a necessary corollary to its training activities or otherwise related to United Nations development work.

10. In conclusion, he complimented the Executive Director of UNITAR on the efficient work so far accomplished by the Institute and proposed that his statement should be distributed as a Committee document.

11. Mr. M'BAYE (Guinea) supported that proposal.

It was so decided.^{1/}

12. Mr. SADI (Jordan), introducing draft resolution A/C.2/L.927 on behalf of the sponsors, said that its purpose was to endorse Economic and Social Council resolution 1138 (XLI) and to express the General Assembly's appreciation of the significant progress made by the Institute in a relatively short period. That appreciation was abundantly justified by the achievements recorded in the report of the Executive Director of UNITAR. In its training activities, the Institute had not only done experimental work to improve the programmes taken over from the United Nations Development Programme (UNDP), but had initiated new and extremely useful programmes. The research programmes, with their emphasis on improved methods and co-operation with other research institutions, were equally valuable. The sponsors therefore hoped that the draft resolution would be approved unanimously.

Mr. Boiko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

13. Mr. DEVENDRA (Nepal) observed that UNITAR, in its first year of active operation, had given fresh impetus to United Nations training activities for development, as the Seminar on major Problems of United Nations Technical Assistance and the programme for deputy Resident Representatives demonstrated: both of those programmes would have a practical impact at the country level, as would the proposed specialized courses for national officials. The research programme was equally concerned with problems of direct relevance to the United Nations; the studies relating to development and modernization, in particular, would prove the usefulness of UNITAR to policy making bodies such as the Economic and Social Council, the Governing Council of UNDP and the Administrative Committee on Co-ordination, and provide a notable example of inter-action between research and operations.

14. His delegation was gratified at the inclusion in the research programme of subjects of such vital interest to developing countries as the "brain drain" and the more effective implementation of multilateral conventions. If studies of the latter subject led to the identification of measures which would improve the acceptance of treaties adopted by United Nations bodies, such as the Convention on Transit Trade of Land-locked States, they would be of great practical value. Moreover, the proposed research seminars should lead to the development of new ideas and the discovery of areas of common interest on specific subjects.

15. Mr. ROOSEVELT (United States of America) noted that UNITAR had, in only twenty months, progressed from its early formative stages into a fully fledged member of the United Nations family. The Executive Director's report indicated the considerable amount of work already accomplished, as well as a number of exciting prospects for the future.

16. The research programme had been vigorously launched, and it was gratifying to note that the Institute intended to cover a broad range of subjects. His delegation hoped that it would continue to study a variety of subjects, including the very important field of peace-keeping. He noted with satisfaction that the study on the evaluation of United Nations technical co-operation programmes would be concerned with the long-range problem of improving methods and techniques, rather than with operational appraisals, since UNITAR could not, and should not, select particular countries for evaluation or undertake actual evaluation in the field. However, in studies not connected with evaluation of technical co-operation programmes, the Institute would have to make certain selective choices concerning which countries would provide the most useful experience for study. For example, the area of research into the planning-programming budgetary systems was likely to be valuable in the management of the United Nations economic and development programmes. While the research undertaken by UNITAR—the results of which should not be published prematurely or unnecessarily—could obviously not solve the world's major problems, it could make an imaginative and significant contribution to international thought and action and could also stimulate scholars and institutes throughout the world to carry out further research in areas where it was most needed.

17. In the matter of training, the Executive Director's intention to reorient the programmes transferred from the United Nations Secretariat, as well as to develop new programmes on a higher level in a number of specialized fields, was a source of satisfaction as were the encouragement and support of facilities in the various regions to take over the basic training courses. His delegation supported the strengthening of the training programme and therefore noted with satisfaction that a Director of Training was soon to be appointed and that the Executive Director was seeking to reduce UNITAR's training costs. Continual evaluation of training techniques could also help to ensure the maximum effectiveness of the programme, and the Institute's management should therefore include per-

^{1/} The complete text of the statement made by the Executive Director of the United Nations Institute for Training and Research was subsequently circulated as document A/C.2/L.930.

sons with experience in professional training. The response to the establishment of nine Adlai E. Stevenson Memorial Fellowships, for which his Government had made a special payment of \$100,000, had been gratifying, and the quality of the fellows selected was particularly pleasing. His delegation shared the Executive Director's hope that governmental and non-governmental sources would make generous financial contributions towards future fellowships.

18. His delegation supported the draft resolution before the Committee (A/C.2/L.927) and wished UNITAR every success.

19. Mr. OLUMIDE (Nigeria) expressed satisfaction at the achievements of UNITAR. In the matter of training, the Institute was already providing national and international officials with the knowledge and technical skills required to promote United Nations objectives and programmes. The programmes transferred from the United Nations Secretariat would enable UNITAR to make a practical contribution towards meeting the development needs of developing countries. His delegation also welcomed the new and imaginative group training programme for deputy resident representatives, and the Seminar on Major Problems of United Nations Technical Assistance, which would make such assistance more effective by enabling the United Nations and recipient Governments better to understand each other's problems and viewpoints. It was to be hoped that the benefits of the Institute's training programmes could be spread more widely through further decentralization and greater emphasis on regional training centres.

20. With regard to research, his delegation shared the Executive Director's view that the Institute should serve as a means of communication between the academic community and the United Nations system by carrying out studies on problems having an immediate bearing on the objectives and programmes of the United Nations. It was gratifying to note that studies had already begun on a number of subjects of direct concern to the developing countries. In that connexion, it was to be hoped that the study on the "brain drain" would lead to recommendations for halting that unfortunate trend. The Institute should co-operate with the ILO and UNESCO, which were carrying out similar studies, so as to avoid duplication.

21. He urged Governments and other bodies, especially in the developed countries, to increase their contributions to UNITAR so that it could intensify its valuable range of activities in important areas.

22. Nigeria wished to co-sponsor draft resolution A/C.2/L.927.

23. Sir Edward WARNER (United Kingdom) said that his country, which had pledged \$500,000 to UNITAR for the first five years, was a firm supporter of the Institute and was observing its progress with keen interest. One of the Institute's first priorities was to set up a regular course of training for young officials, and his delegation therefore strongly endorsed the Executive Director's efforts to appoint a suitable director of training as a matter of urgency. The Institute's research activities should aim primarily at making the United Nations a more effective inter-

national organization, and the evaluation of past operations and programmes should therefore be undertaken critically and with the specific objective of improving future performance. His delegation welcomed the appointment of Mr. Oscar Schachter as Director of Research.

24. The United Kingdom would vote for draft resolution A/C.2/L.927 and wished the Institute every success.

25. Mr. MURGESCU (Romania) said that UNITAR had succeeded, without costly or well-publicized international meetings, in becoming a full-fledged organization with a valuable role within the United Nations. In the field of training, a number of programmes of particular interest to developing countries had been undertaken, and the reorientation of the programmes transferred from the United Nations Secretariat would, by making a realistic distinction between education and training and by delegating work to regional institutes or seminars, reduce costs and improve efficiency. Among the wide range of research programmes, the studies on the evaluation of technical assistance methods and techniques and on the "brain drain" were of particular importance. The proposed projects necessitated proper co-ordination with the work of other organizations carrying out similar studies.

26. The decision by the Board of Trustees that contributions in kind or pledges in non-convertible currencies would not represent financial pledges and payments to UNITAR (see A/6500, annex II, para. 34) was not in the best interests of the Institute. A number of delegations did not agree with that decision, and he therefore hoped that the Executive Director would make every effort to have that regrettable decision reversed. The Romanian delegation would vote for draft resolution A/C.2/L.927 and wished the Institute every success.

27. Mr. ABE (Japan) expressed his delegation's satisfaction that UNITAR had passed from the formative stage to actual operations. The needs of the developing countries were rightly emphasized in the training programmes undertaken by the Institute, and the Seminar on Major Problems of United Nations Technical Assistance, in particular, could enhance the benefits derived by developing countries from United Nations assistance. The critical approach adopted towards the three programmes transferred from the United Nations Secretariat was also highly commendable. High priority had also been given to a number of research studies of direct interest to developing countries, including especially those relating to development and modernization. The Japanese delegation welcomed the appointment of Mr. Schachter as Director of Research, and hoped that a Director of Training would be appointed as soon as possible.

28. His Government had already made known its intention to offer financial contributions which were expected to amount to \$200,000 for the first five-year period, and he hoped that draft resolution A/C.2/L.927, of which his delegation was a sponsor, would receive the Committee's unanimous approval.

29. Mr. BERGQUIST (Sweden) said that the progress achieved by UNITAR in embarking on actual operations was very encouraging. It was important that the challenging research programmes which had been or were about to be launched should lead to practical conclusions, and preference should be given to projects in which sources already available to the United Nations could be utilized. His delegation, which regarded a number of the research projects as especially important, would have welcomed some indication of priorities in the Executive Director's report. The Institute would need a qualified research staff and should maintain close liaison with other research institutions. In that connexion, he recalled that the International Peace Research Institute, which had a direct interest in the studies on the law of the sea and problems of small States, had recently been established at Stockholm.

30. The transfer to UNITAR of the training programme for foreign service officers would ensure the continuance of that important work, while the training programmes related to technical assistance would be of particular benefit to the developing countries.

31. The Swedish delegation hoped that sufficient contributions would be forthcoming to enable UNITAR to continue and expand its work. It would vote for the draft resolution before the Committee.

32. Mr. AL-AGROUSH (Saudi Arabia) said that UNITAR had already made a significant impact in the short period of its existence. He welcomed its emphasis on the needs of developing countries and the fact that the reorientation and decentralization of the training programmes transferred from the United Nations Secretariat would lead to an increase in the number of trainees and a reduction in UNITAR's costs. In the interesting programme of research studies, the projects relating to the transfer of technology and the evaluation of technical assistance methods and techniques were especially commendable.

33. Saudi Arabia, which was a sponsor of draft resolution A/C.2/L.927, had pledged \$40,000, of which \$32,000 had already been paid, for UNITAR's first five years. It was to be hoped that all Member States would contribute more generously.

34. Mr. VIAUD (France) said he was glad to note that UNITAR laid equal stress on training and research. At the outset his delegation had had some doubts about the advantages of centralized training and was therefore pleased to see that UNITAR planned to assign some training activities to regional institutes or seminars. Travel costs would thus be reduced and trainees would not have to spend so much time away from their countries. Decentralization should also make for closer co-operation between regional and national institutes.

35. The research programme covered a number of important topics of which the studies relating to development and modernization were of special interest to the Second Committee. The problems of small States were of vital importance for the developing countries. His delegation hoped that every effort would be made to avoid dispersal of research activities and

duplication with other bodies. It supported draft resolution A/C.2/L.927.

36. Mr. HOUNTON (Dahomey) said his delegation had every confidence in UNITAR and was particularly glad that it was concentrating on the problems of the developing countries. Dahomey, for example, was greatly concerned with the "brain drain" and hoped that the proposed studies of that subject would yield solutions of practical value. Also important for Dahomey was the training programme for middle-level officers who were concerned with details of programming and administrative procedures. He was glad to note that UNITAR had contributed to the Seminar on Apartheid, held at Brasilia, in August 1966, and hoped that it would co-operate with the Institute of Applied Research in Dahomey. He hoped that the draft resolution, of which Dahomey was a sponsor, would be adopted unanimously.

37. Mr. POLIT (Ecuador) said that the manuals to be prepared by UNITAR on development financing and procedures of technical assistance would be useful not only for trainees but also for delegations. The priority that had been given in research to studies relating to development and modernization was extremely welcome. Such studies related to topics already discussed by the Second Committee such as natural resources and in particular the resources of the sea (item 45). Undoubtedly, the Committee for Programme and Co-ordination of the Economic and Social Council would find in UNITAR a rich source of information on the various aspects of technical assistance. Ecuador fully supported the work of UNITAR, was a sponsor of the draft resolution, and hoped that it would be adopted unanimously.

38. Mr. FILIMONOV (Union of Soviet Socialist Republics) noted that some of the research activities as well as some of the training programmes formerly conducted by the United Nations had been transferred to UNITAR after informal consultations between officials of the two organizations. The USSR delegation objected to that arrangement whether it applied to training programmes or research activities and stressed that such transfers could only be made, in the case of training, after discussion in the appropriate departments of the Secretariat and, in the case of research, after a decision by the competent inter-governmental organizations. All the activities of UNITAR must be carefully screened by the Economic and Social Council and topics for research selected only after careful co-ordination with the departments of the United Nations Secretariat. For example, it was doubtful whether UNITAR should engage in research into the resources of the sea since that topic was already being considered by the Inter-Governmental Oceanographic Commission of UNESCO.

39. The training programmes of UNITAR should deal objectively with the problems of international life and it would be wrong for its lecturers on economic, financial and other topics to concern themselves solely with the experience of the Western countries. They should not ignore the valuable experience of the Soviet Union and the other socialist countries and in particular the assistance they had given to the developing countries.

40. The Soviet Union had followed the activities of UNITAR closely and had co-operated in some of them. For example, in October 1965 there had been a seminar in Moscow on the financing of economic development and another in July 1966 on legal questions. In October 1966, UNITAR and the African Institute of the USSR Academy of Sciences had held a joint seminar in Moscow. The competent authorities of the Soviet Union were ready to consider requests from UNITAR for the participation of USSR institutes in UNITAR research activities and for the dispatch of lecturers from the Soviet Union to New York.

41. Mr. KAUL (India) said his delegation's sponsorship of the draft resolution testified to its strong support of the work of UNITAR. India had been closely associated with the activities of UNITAR from its inception. The research and training programme of the Institute showed an imaginative understanding of the important problems involved and should prove of great benefit to the developing countries. India supported the whole range of activities outlined in the report of the Executive Director (A/6500) but felt that research on the techniques of technical assistance and on the transfer of technology were particularly important. Of course, if it was to be successful, UNITAR must have adequate funds and the comprehensive list in annex IV of the Executive Director's report included India's pledge of \$50,000. The flow of finance must be maintained in the years to come and he was sure that the valuable assistance UNITAR was giving to the developing countries would justify stronger support. His delegation was confident that UNITAR had a bright future.

42. Mr. BADAWI (United Arab Republic) said his delegation was glad to co-sponsor draft resolution A/C.2/L.927 and to note that UNITAR had accorded equal importance to its training and research activities. He welcomed the appointment of Mr. Schachter as Director of Research and the efforts of UNITAR to establish closer links with regional training institutes, and his delegation supported both its training and research programmes. The Sixth Committee had already commended UNITAR on its prospective contribution to the study of international law. His delegation welcomed the plan to organize research seminars and hoped that, wherever possible, they would be held in specific regions.

43. Mr. MIRGHANI (Sudan) said his delegation appreciated the work done by UNITAR and hoped that it would lay more stress on research into the problems facing the developing countries. He was glad to note that such a highly-qualified Director of Research as Mr. Schachter had been appointed and hoped that a similarly well-qualified director of training would soon be found. The Sudan fully supported UNITAR and had pledged \$20,000 to it. It hoped that UNITAR would expand both centrally and regionally as it tackled the problems of the developing countries. His delegation fully supported draft resolution A/C.2/L.927.

44. Mr. AHMED (Pakistan) said his delegation had sponsored the draft resolution because it felt that the General Assembly should take note of the progress

made by UNITAR. Now that UNITAR was fully operational, he hoped that more contributions would be forthcoming so that it could continue its work with increasing vigour. Pakistan had pledged \$20,000 and fully supported the Institute's activities. He hoped that UNITAR would co-operate even more with the specialized agencies and other bodies working in the same field and that the draft resolution would be adopted unanimously.

45. Mr. M'BAYE (Guinea) said his country was a sponsor of the draft resolution and was deeply interested in the work of UNITAR. It was glad to note the practical approach that UNITAR had adopted and that it was planning its future expansion. It was gratifying also that the training and research activities of UNITAR were aimed primarily at helping the developing countries. He hoped that UNITAR would take advantage of the experience of countries like his own in education. He also hoped that UNITAR would co-operate with the Polytechnic Institute of Guinea. He appealed to all countries to contribute more generously to UNITAR so that it could continue its useful work.

46. Mr. DELGADO (Senegal) expressed his appreciation of the work of UNITAR and was glad to note that it had moved into top gear. The training courses already given had been very successful, particularly those in development financing, in the techniques of technical assistance and in diplomacy. The trainees which Senegal had sent to UNITAR had derived great benefit from the courses and his delegation hoped that their scope would be broadened in the future and that courses of training would be given for high-level government personnel. The Adlai E. Stevenson Memorial Fellowships had been a resounding success and he hoped that more students from the French-speaking African countries could participate in them. The evaluation studies on technical assistance contemplated by UNITAR should be of great value to the United Nations. His delegation had every confidence in the Institute and would do everything to contribute to its success. It wished to co-sponsor the draft resolution.

47. Mr. WALDRON-RAMSEY (United Republic of Tanzania) expressed general support for the work of UNITAR but hoped that in the future it would lay greater emphasis on training. A Director of Training should be appointed as soon as possible and it would be gratifying if he came from one of the African countries. The Institute should not confine its relationships to the institutions of the Western democracies but reflect the universality of the United Nations. His delegation supported the draft resolution and appealed to all Governments to support UNITAR financially. The Institute should make the greatest possible use of all contributions from whatever source.

48. Mr. D'ARBOUSSIER (Executive Director, United Nations Institute for Training and Research) thanked the Committee for its expressions of appreciation and goodwill. Few of the questions raised in the discussion could be answered immediately. He wished, however, to emphasize the following points: in its research work, UNITAR sought to co-operate, rather

than to compete, with other institutions; transfers of programmes had been made with the concurrence of the appropriate supervisory bodies; and finally, the Institute welcomed and would utilize all assistance offered to it, whatever its form.

49. The CHAIRMAN put to the vote the twenty-five-Power draft resolution (A/C.2/L.907).

The draft resolution was adopted unanimously.

The meeting rose at 1.10 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1093rd
MEETING

Wednesday, 7 December 1966,
at 3.15 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 37

United Nations Conference on Trade and Development: report of the Trade and Development Board (*continued*)* (A/6303/Add.1, chap. I; A/6315, A/6501, A/C.2/L.923 and Corr.1, A/C.2/L.925 and Corr.1, A/C.2/L.928)

1. The CHAIRMAN invited the Committee to vote on the eleven-Power draft resolution (A/C.2/L.928) concerning the special session of the Trade and Development Board.

The draft resolution was adopted without opposition.

2. Mr. KITTANI (Secretary of the Committee) announced that the Senegalese delegation had informed the Secretariat that it wished to withdraw from the list of sponsors of resolution A/C.2/L.923 so that it could submit, together with Rwanda, the following amendment as a final preambular paragraph:

"Noting with interest the recommendation of the third session of the Assembly of Heads of State and Government of the Organization of African Unity, held at Addis Ababa from 5 to 9 November 1966, that a meeting of the developing countries should be held at ministerial level to prepare for their participation in the second session of the United Nations Conference on Trade and Development."

3. Mr. DELGADO (Senegal) said that, following the negotiations of the previous day, he had considered it desirable, in view of certain technical difficulties which had prevented all the sponsors from being consulted, that Senegal should not be included among the sponsors of the draft and was introducing, together

with Rwanda, the amendment just read out by the Secretary of the Committee. A conversation with the representative of Cuba had dispelled certain misgivings. The text submitted by his delegation was a statement of facts with no political connotations and should obtain the approval of a large number of Asian, African and Latin American States.

4. Mr. RYABONYENDE (Rwanda) said that the purpose of the amendment was to emphasize the importance for the United Nations Conference on Trade and Development (UNCTAD) of the third session of the Assembly of Heads of State and Government of the Organization of African Unity (OAU). The amendment created no difficulty and similar action had been taken in the past. For example, the General Assembly, at its twentieth session, had taken note of the message from the Shahinshah of Iran after considering the question of the world campaign for universal literacy.

5. Mr. DJOUDI (Algeria) said that the amendment had been submitted by only two countries because it had been difficult for the other delegations to dissociate themselves from the sponsors of the draft resolution. The recommendation of the Assembly of Heads of State and Government at Addis Ababa had been unanimously adopted and was binding on all African States.

6. Mr. ABE (Japan) felt that the full text of the recommendation mentioned in the amendment should be made available to all delegations.

7. Mr. CAMEJO ARGUDIN (Cuba) said that the conversation he had had with the representative of Senegal showed that the amendment might facilitate Cuba's participation in the Algiers ministerial conference. His delegation had no objection to the text inasmuch as it implied that Cuba was one of the developing countries and could participate in the conference on an equal footing.

8. Mr. DELGADO (Senegal) said the delegations had not been given the text of the recommendation adopted by the Assembly of Heads of State and Government at Addis Ababa so as not to complicate the discussion unnecessarily. There was, however, no objection to including it in the Committee's report.

9. Mr. VARELA (Panama) said that his delegation would vote for the text submitted by Senegal and Rwanda. But it must be clearly understood that the amendment was to be taken literally and no other interpretation must be read into it. His delegation was not competent to judge the implications of the recommendation made by the Assembly at Addis Ababa.

10. Mr. FORTHOMME (Belgium) thought that it would be impertinent to express an opinion on a text

*Resumed from the 1091st meeting.

that concerned other countries. It would therefore be advisable to replace the words "Noting with interest" by the words "Having taken cognizance of".

11. Mr. WILMOT (Ghana) said he could not share the opinion just expressed by the Belgian representative. Operative paragraph 5 requested the Secretary-General of UNCTAD to begin preparatory work for the second session in co-operation, *inter alia*, with the "appropriate international organizations". The Organization of African Unity now enjoyed a definite status in the United Nations and it was quite appropriate for the General Assembly to ask the Secretary-General to co-operate with the appropriate international organizations and, if it had cognizance of an OAU recommendation concerning the second session of UNCTAD, to take note of such a recommendation.

12. Mr. AHMED (Pakistan) said that the text of the paragraph proposed the previous day (1091st meeting) by the United States representative for inclusion in the Committee's report had been objected to by the representative of the United Republic of Tanzania. In consultation with those two representatives, he had drafted a compromise text which, he thought, should win their agreement and which the representative of the United Republic of Tanzania had authorized him to propose to the Committee. The text was as follows:

"It was the understanding in the Committee that the word 'negotiation' had been used in the text of the resolution without prejudice to the decision that may be taken by the fifth session of the Trade and Development Board on the nature of the Conference in the light of the provisional agenda finally agreed upon."

13. He hoped that the United States representative would withdraw his text in favour of the new version.

14. Mr. ROOSEVELT (United States of America) thanked the Pakistan representative. He approved of the inclusion in the report of the text just read out by that representative and withdrew his own proposal.

15. Mr. LOBANOV (Union of Soviet Socialist Republics), explaining his vote prior to the ballot, said that he fully supported the amendment submitted by Rwanda and Senegal. He would vote for the new preambular paragraph, interpreting it in the same way as the representatives of Senegal, Rwanda and Cuba had done, namely, that in it the expression "developing countries" referred to all countries covered by that definition.

16. The CHAIRMAN called upon the Committee to vote on draft resolution concerning the second session of the United Nations Conference on Trade and Development (A/C.2/L.923 and Corr.1). He first put to the vote the oral amendment submitted by Rwanda and Senegal.

At the request of the representative of Algeria, a vote was taken by roll-call.

Trinidad and Tobago, having been drawn by lot by the Chairman, was called upon to vote first.

In favour: Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics,

United Arab Republic, Upper Volta, Yugoslavia, Zambia, Afghanistan, Algeria, Austria, Bolivia, Brazil, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Cameroon, Central African Republic, Chad, Chile, Congo (Democratic Republic of), Cuba, Czechoslovakia, Dahomey, Denmark, El Salvador, Ethiopia, Finland, France, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Honduras, Hungary, India, Iran, Iraq, Ireland, Italy, Ivory Coast, Japan, Jordan, Kenya, Lesotho, Liberia, Libya, Madagascar, Mexico, Mongolia, Netherlands, Nigeria, Norway, Pakistan, Panama, Peru, Philippines, Poland, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Sudan, Sweden, Syria, Thailand, Togo.

Against: None.

Abstaining: United Kingdom of Great Britain and Northern Ireland, United States of America, Argentina, Australia, Belgium, Canada, China, New Zealand, Portugal, Spain.

The amendment was adopted by 71 votes to none, with 10 abstentions.

17. The CHAIRMAN suggested that the Committee should approve the draft resolution, as amended, unanimously.

The draft resolution, as amended, was adopted without opposition.

18. The CHAIRMAN suggested that the Committee should agree to the inclusion in its report of the paragraph read out by the Pakistan representative.

It was so decided.

19. Mr. ROOSEVELT (United States of America) said that his delegation had voted for the draft resolution despite his misgivings as to the use of the word "negotiation". The Indian representative had made it clear, in the course of his introduction (1090th meeting), that in the intention of the sponsors the word was intended to refer to the type of negotiation that was customary in the Committee and in other United Nations bodies and not to the type of negotiation between plenipotentiaries working on precise legal texts. His delegation and that of Belgium concurred in that view. On the other hand, the representative of the United Republic of Tanzania had taken another view. It was well-established international practice, however, that negotiations directed towards international agreements should be based on a precisely defined agenda and, as explained by the representative of Belgium, on lengthy preparations.

20. His delegation was, of course, prepared to attend the second session of UNCTAD and to make an attempt in good faith to negotiate solutions to the problems presented to it by negotiation, discussion, conciliation and any other appropriate means. He hoped that the Conference would try to reach general agreement on "a limited number of fundamental and specific subjects", to use the words of the resolution, and trusted that the deliberations would result in agreed courses of action. Beyond that it could not go and beyond that he did not believe that any other Government was in a position to go.

21. In so saying, he was not precluding the possibility that there might emerge from the second session of the Conference, as had happened at the first session of the Conference in the case of the land-locked countries, specific issues capable of negotiation in the sense of arriving at precise texts. If that should occur, the action of the Conference would, of course, be governed by paragraph 3 (e) of General Assembly resolution 1995 (XIX).

22. He had been able to vote for the draft resolution because of his delegation's approval of the general purpose and tendency of the text and also because of the constructive interpretation which the representative of Pakistan had suggested for inclusion in the Committee's report.

23. Mr. LOUYA (Democratic Republic of the Congo) said that he had voted for the draft resolution, whose provisions were fully in accord with his delegation's desire to see the recommendations adopted at the first session of UNCTAD more fully implemented. He had also voted for the amendment submitted by Rwanda and Senegal, which was intended to further the preparatory work for the second session of the Conference, and he hoped that the proposed ministerial conference would include all the developing countries which were members of UNCTAD.

24. Mr. PISANI MASSAMORMILE (Italy), referring to the paragraph which the Committee had decided to include in its draft report concerning the interpretation of the word "negotiation", explained the interpretation which his delegation placed on the paragraph. In the Italian delegation's view, it was for the Trade and Development Board, at its fifth session, to prepare the second session of UNCTAD, but it was not for it to decide on its nature, which had been defined by General Assembly resolution 1995 (XIX) on the establishment of UNCTAD, and the Board, being a subsidiary organ of the Conference, was not competent to change its nature.

25. Mr. MUZIK (Czechoslovakia) said that he had voted for the amendment of Rwanda and Senegal and for the draft resolution as a whole, on the understanding that the new preambular paragraph included Cuba, which certainly belonged to the category of developing countries; that interpretation was consistent with that of the Cuban representative which no delegation had challenged.

AGENDA ITEM 86

Technical assistance to promote the teaching, study, dissemination and wider appreciation of international law: report of the Secretary-General (A/6492)

LETTER DATED 21 NOVEMBER 1966 FROM THE CHAIRMAN OF THE SIXTH COMMITTEE ADDRESSED TO THE CHAIRMAN OF THE SECOND COMMITTEE (A/C.2/233)

26. The CHAIRMAN said that item 86 was on the agenda of the Sixth Committee. The Second Committee was also interested in that question but could only consider it at the request of the Sixth Committee. In accordance with the letter he had received from the Chairman of the Sixth Committee (A/C.2/233), he called upon the members of the Second Committee to comment on the technical aspects of that question.

27. Mr. TARASOV (Union of Soviet Socialist Republics) stated that, while his delegation supported the provision of technical assistance in international law to developing countries, it had some reservations concerning the relevant draft resolution before the Sixth Committee (A/C.6/L.611/Rev.1 and Add.1). His delegation was surprised that the Sixth Committee should propose the establishment of an autonomous programme of technical assistance in the study and dissemination of international law, while the Second Committee was trying to co-ordinate technical assistance activities and to avoid setting up autonomous programmes which would result in a dispersal of effort. As it had stated at the twentieth session, his delegation felt that technical assistance in international law should be financed with funds from the technical assistance component of the UNDP and the regular programme of technical assistance, and that requests from the Governments concerned should be considered and financed under the existing programmes.

28. The draft resolution before the Sixth Committee proposed the inclusion of the item in the agenda of the twenty-second session of the General Assembly. He felt it would be better to give the Secretariat time to acquire some experience in the matter and to ask it, if appropriate, to report to the twenty-third session. There seemed no need to include every year in the normally heavy agenda of the General Assembly an item on which work was done mainly by the Secretariat.

29. The CHAIRMAN stated that he would communicate the USSR delegation's comments to the Chairman of the Sixth Committee.

The meeting rose at 4.20 p.m.

United Nations
**GENERAL
ASSEMBLY**

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1094th
MEETING**

Thursday, 8 December 1966,
at 10.55 a.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 47

World campaign for universal literacy (A/6303, chap. XIII, sect. IV; A/6323, A/6449, A/C.2/L.926)

1. The CHAIRMAN welcomed, on behalf of the Committee, Her Imperial Highness Princess Ashraf Pahlavi, of Iran, who would introduce the draft resolution on the world campaign for universal literacy. As the representative of one of the Arab countries which shared a common culture and civilization with Iran, it was particularly gratifying to him that that country should be represented on such an occasion by one whose work in the social and cultural development of her country was renowned.

2. Princess Ashraf PAHLAVI (Iran) said that the attention the Second Committee had been devoting to the world campaign for universal literacy in recent years was a significant indication of the trend of world opinion on educational problems. It was, in fact, only during the previous decade that economists had come to regard education, not as a commodity to be reserved primarily for a mere fraction of the population, but as a determining—if not the essential—factor of development. Man was both the means and the end of development. Moreover, since development was, in the second half of the twentieth century, a synonym for peace, education could play a leading role in the achievement of world peace.

3. The sad facts of the situation were, however, that despite all the progress made since the Second World War, 50 per cent of all children of school age did not attend school. Adult illiteracy was rising steadily: in fact, two out of every five adults could not read or write. Even more serious was the economic effect of illiteracy on the poorer countries: ignorance was almost always accompanied by poverty, under-nourishment, bad health and the inability to make effective use of economic assistance because the population was not adequately educated. Illiteracy was therefore not merely the denial of a fundamental human right, but also an obstacle to economic development and a threat to peace.

4. In current circumstances, however, the resources and energies which might have been used to provide the world's illiterates with the minimum of knowledge which would serve as the instrument of their emancipation were diverted from peaceful and human pursuits. It had been calculated, for instance, that the cost of one new prototype bomber would pay the annual salaries of 250,000 teachers. She was convinced that mankind would ultimately realize the futility of the arms race and abandon the art of killing for the art of living.

5. The World Congress of Ministers of Education on the Eradication of Illiteracy, held at Teheran in 1965, had emphasized that the first requirement for the elimination of ignorance was a national effort on the part of the countries suffering from it and that national development plans should make provision for that effort. Success was impossible, however, without international and bilateral co-operation, such as was brought into play to deal with such natural catastrophes as earthquakes and famine. Her country's literacy campaign was a combination of national and international efforts. At the national level, the armed forces provided recruits for the so-called "army of knowledge" and funds for the development of primary education throughout the country, and a special committee had been set up for the elimination of adult illiteracy. Those efforts were co-ordinated with over-all plans for the promotion of economic and social development. The fact that \$6 million had been collected in response to an appeal for voluntary contributions was an indication of the enthusiastic national support for the campaign.

6. Her country, however, was convinced that it was not enough to eradicate illiteracy within its borders but that a general effort must be made to stamp out ignorance everywhere. Its contribution of \$700,000—the equivalent of one day's military expenditure—to UNESCO for use in the world campaign for universal literacy was intended to call attention to the importance of international solidarity in that effort. It was to be hoped that other countries, private foundations and organizations would follow the example of those Heads of State who had responded to the appeal of His Imperial Majesty the Shahinshah of Iran and had made contributions to the UNESCO fund and that they would thus provide that organization with the \$4,000 million to \$5,000 million which it needed to eliminate illiteracy throughout the world.

7. The purpose of draft resolution A/C.2/L.926 was to impress upon all Member States the need for action to remove a major impediment to the development of the third world. The text was self-explanatory and she hoped that it would be unanimously approved.

8. Mr. FILALI (Morocco) proposed that the admirable statement made by Princess Ashraf Pahlavi should be issued in full as a Committee document.

It was so decided.^{1/}

9. Mr. ROOSEVELT (United States of America) expressed his thanks to Her Imperial Highness Princess Ashraf Pahlavi for her eloquent statement setting forth the problems posed by illiteracy. He observed that nations the world over had initiated functional literacy programmes, recognizing that literacy was the key to personal development and the corner-stone of national development and identity. His country's VISTA programme was one instance of its effort to eradicate the last vestiges of illiteracy and its consistent support of UNESCO and other agencies in that field had been reaffirmed by President Johnson in a message to Congress in which he had proposed that every means should be used to build new bridges of international understanding.

10. His delegation therefore endorsed the spirit of draft resolution A/C.2/L.926; it wished, however, to suggest a few amendments which might clarify the text. The final clause of the second preambular paragraph, "thus aggravating ... countries", should be deleted and replaced by the following new third preambular paragraph: "Noting further that literacy has a direct bearing on economic and social progress,". The fourth preambular paragraph should be amended to read: "Considering that the magnitude of the problem requires mobilization of considerable human, financial and technical resources,".

11. The word "continuing", in operative paragraph 2, should be replaced by "effective" and the following words added at the end of the paragraph: "taking account of the priority given to the elimination of illiteracy in development plans,". Operative paragraph 3 should be amended to read:

"Expresses the hope that additional resources will be made available to the fund for the world campaign for universal literacy to enable UNESCO, in the light of the results of the experimental programme, to expand its activities to promote literacy;".

12. In operative paragraph 4, the words following "of the world" should be deleted and replaced by the phrase "to support world-wide efforts to eliminate illiteracy."

13. Those amendments would in no way weaken the draft resolution. They reflected his country's recognition of the importance of the efforts to end illiteracy, provided such efforts were judiciously conducted in response to priority requests from Member States. If the amendments were accepted, his delegation would ask to be included among the sponsors of the draft resolution.

14. Mr. FRANZI (Italy) said that the outstanding contribution made by Iran to the fight against ignorance throughout the world would encourage other Governments to redouble their efforts.

15. The choice of an experimental literacy programme by UNESCO had been dictated not so much by the inadequacy of its resources as by the need to impress upon the Governments of the countries concerned that they themselves had to play the principal part in the eradication of illiteracy and that they were to be given complete freedom to choose the kind of programmes most suited to their needs. Clearly, no standard programme could be expected to meet requirements which varied so widely according to region, degree of development and available local resources.

16. The draft resolution acknowledged that that approach was the correct one by appealing, in operative paragraph 2, for continuing support for the world literacy campaign, without expressing a preference for any given type of support or any specific method of utilizing the resources contributed. It therefore reaffirmed that the experimental programme was not the result of a compromise, but of a deliberate decision to deal with a rapidly changing problem pragmatically and flexibly.

17. Italy used such empirical methods in dealing with its own illiteracy problem in the recent past; even in such a small country, the dimensions of the problems varied considerably from one region to another and that approach had proved its value. It would be happy to share its experience with others and it was in that spirit that his delegation was co-sponsoring the draft resolution.

18. Mr. POLIT (Ecuador) said that the draft resolution, of which his delegation was a sponsor, was an affirmation of faith in the principles contained in General Assembly resolution 2043 (XX). His country was one of those in which UNESCO's experimental literacy programme was being carried out, and the importance his Government attached to the programme was indicated by the higher appropriations for education and the importance attached to education in its national economic and social development plan.

19. The illiteracy problem was so immense, in relation to the financial resources and trained personnel available in most of the countries concerned, that only concerted action by international organizations and the advanced countries could prevent it from worsening. No parallel could be drawn between the current situation of the developing countries, in which economic and social development was increasingly hampered by population growth, and that which had existed in the industrialized countries at the same stage of the development process when employment and incomes had increased rapidly.

20. The draft resolution before the Committee appealed to all those whose help was so vital. His delegation hoped that the generous gesture made by Iran and other countries would be emulated by the Governments of all Member States.

21. Mr. OLUMIDE (Nigeria) said that his delegation, which was a sponsor of the draft resolution, appreciated the valuable work done by UNESCO in the campaign for universal literacy. Both training in new skills and education were important for economic growth. The relationship between literacy and national income was an established fact, and it was therefore

^{1/} The complete text of the statement made by Princess Ashraf Pahlavi was subsequently circulated as document A/C.2/L.934.

gratifying that, in accordance with UNESCO's new approach of linking functional literacy programmes to development priorities, forty-five countries, including Nigeria, had decided to accord high priority to work-oriented literacy projects linked with economic development, and that UNESCO was assisting Governments in the preparation and implementation of pilot functional literacy projects. The specialized agencies could play an important part in the five-year experimental programme, and it was to be hoped that other agencies would follow FAO's lead in integrating literacy programmes into the development projects for which they were responsible.

22. In addition to promoting economic growth, education was one of the basic social services necessary for over-all development. Literacy programmes should therefore include preventive health measures.

23. Although it was true that not enough resources were being allocated to adult education, many developing countries had little choice in the matter, and the problem of priorities was further complicated by the fact that such wealth-producing resources as were available could not be exploited without improved educational, health and other social services. Universal primary education could be attained in many countries within a reasonable time only through large-scale foreign aid. All States, and particularly the affluent countries, should therefore respond to the appeal for more funds.

24. The world campaign for universal literacy should not imply a total transplantation of foreign values and cultures into the societies of developing countries: teaching methods should, as far as possible, be related to the specific requirements of the country concerned and the cultural traditions of its people. The principal medium of instruction should be the national language. Thus, the programme would not only educate the people but also preserve their culture; in that connexion, his delegation noted with satisfaction the work being done on African linguistics and the transcription of vernacular languages.

25. The Nigerian delegation would give serious consideration to the amendments proposed by the United States representative.

26. Mr. VILFAN (Yugoslavia) said that his delegation, which was a sponsor of draft resolution A/C.2/L.926, attached the highest importance to the fight against illiteracy. Every contribution, in whatever form, was precious. Increasing emphasis had rightly been given to the functional role of literacy in economic development, and agencies such as the United Nations Development Programme (UNDP), FAO and the ILO should be encouraged to integrate appropriate literacy programmes into their projects. At the national level, it was important that literacy programmes should form an integral part of the economic system as a whole, as Yugoslavia's own experience in overcoming illiteracy had shown. His delegation fully supported United Nations efforts to achieve universal literacy, in which UNESCO, which had already scored notable successes, would naturally play a central role.

27. Mr. KOCHUBEI (Ukrainian Soviet Socialist Republic) said that despite strenuous, and to some extent

successful, efforts on the part of international organizations and Governments, illiteracy remained one of the world's most urgent problems. The fact that in some countries access to education was denied to the poor or on racial grounds made it essential for the United Nations, and particularly UNESCO, to do everything in its power to eliminate illiteracy, which many countries had inherited from the colonial era. If the developing countries were to have suitably trained personnel in sufficient numbers, those restrictions would have to disappear.

28. Instead of consisting of a mere study by international organizations, the world campaign must be firmly rooted in practical national efforts. In that connexion, the experience of a number of countries which had overcome illiteracy should be fully utilized. Countries should make the best possible use of their internal resources rather than relying on external aid. In the Ukraine, where only one in four had been literate before the 1917 Revolution, illiteracy had been fully eradicated in 20 years through the adoption of legislation instituting universal compulsory education for seven years and special institutions to eliminate illiteracy. Today, 13.8 million persons, or one third of the population, were receiving various grades of education in the Ukraine, and 50,000 secondary-school teachers graduated annually from the establishments of higher education.

29. The United Nations and UNESCO should continue to study ways and means of supporting national efforts to improve literacy and publicize the experience of Governments which had been successful in eradicating illiteracy. Educational planning, where it did not already exist, could play a significant role in the important work of raising educational and cultural levels through greater literacy. More rational use should be made of multilateral aid, which should come from existing voluntary contributions to United Nations technical assistance programmes, by avoiding unjustified overhead and unproductive expenditure.

30. The Ukrainian delegation supported the ideas and objectives of the draft resolution, but believed that greater clarity, particularly in operative paragraphs 2 and 3, would be required before the texts could receive unanimous support.

31. Mr. TADJO (Ivory Coast) said that his country had been host in 1964 to the Regional Conference on the Planning and Organization of Literacy Programmes in Africa and the Conference of Ministers of Education of African countries. The Ivory Coast attached particular importance to literacy, not only as a fundamental human right, but as an essential factor in economic development. All available resources must be mobilized against illiteracy, which greatly hampered advancement in agriculture, industry and trade. Despite the allocation by many developing countries of substantial proportions of their national income to education, and the adoption by a number of African and Latin American countries of long-term educational plans, it was improbable that there would be universal education in those countries within twenty years, and the number of illiterates was therefore likely to grow.

32. It was to be hoped that greater resources would be made available for the world campaign for uni-

versal literacy, which would be one of UNESCO's most important programmes. The significant gesture of the Shahinshah of Iran in donating to the world campaign the equivalent of one day's military budget showed that funds being used for military purposes could be released for development in other ways than through disarmament. In that connexion, it was to be hoped that the Committee would in future take a new and dynamic approach to the conversion to peaceful needs of resources released by disarmament.

33. Mr. ABE (Japan) said that his delegation fully shared UNESCO's concern at the increase in the number of adult illiterates in the first half of the United Nations Development Decade, although the campaign to eradicate illiteracy had brought about percentage decrease in the number of illiterates.^{2/} His country's success in eliminating illiteracy had been a major factor in its rapid social and economic advancement, and Japan fully recognized the urgent need for greater literacy as well as the importance of adult and vocational education in the developing countries in the promotion of their economic development. His delegation therefore welcomed the functional approach being taken by many developing countries, which were overcoming illiteracy with UNESCO's help.

34. While his delegation had had insufficient time to study the draft resolution, it did not anticipate any difficulty in supporting it.

35. Mr. VIAUD (France) said his delegation fully realized that education could serve as the basis for improving the material well-being of mankind. It was the policy of the French Government to bestow the benefits of French culture on any country desiring it and France's total budget for technical and cultural assistance amounted to \$100 million a year. There were at present 50,000 French teachers in foreign countries, some of them paid by the French Government and others by the recipient Governments. Recently his Government had decided to use some of its military personnel for the purpose of technical co-operation, and there were now several thousand soldiers serving abroad in that new army of knowledge. Much more, however, remained to be done and the struggle to stamp out illiteracy must be waged unremittingly.

36. France gave its active support to UNESCO and would vote in favour of draft resolution A/C.2/L.926.

37. Mr. USTUN (Turkey) said that item 47 was one of the most important on the Committee's agenda. The economic, social and political implications of literacy were obvious. Turkey had made enormous efforts to combat illiteracy during the last decade but had not succeeded in stamping it out. The situation had been aggravated by the high population rate of nearly 3 per cent per year. The Turkish Government had set aside 3.7 per cent of the gross national product for education, a figure which would rise to 4.7 per cent in the near future. Since the adoption of the Experimental World Literacy Programme by UNESCO in 1964, Turkey had given priority to literacy projects directly related to economic development.

It hoped that its domestic efforts would be supplemented by international action.

38. While illiterate nations would never become rich, well-educated nations soon achieved affluence. Literacy must be the foundation of all economic and social development and, since resources were limited and the needs vast, concerted international action and the help of the developed countries were essential.

39. The adoption of draft resolution A/C.2/L.926, of which Turkey was a sponsor, should succeed in mobilizing public opinion both in the developed and developing countries. He paid a tribute to the contribution made by Iran and by UNESCO and other international bodies to the campaign for universal literacy and hoped that the draft resolution would receive unanimous support.

40. Mr. EGUINO LEDO (Bolivia) expressed his country's deep interest in and willingness to contribute to the world campaign for universal literacy. Illiteracy, poverty and hunger were three of the major problems facing the developing countries and the campaign against them must be waged simultaneously. Bolivia hoped that it might be selected for one of the pilot studies being organized by UNESCO since its rate of illiteracy was high. It was mobilizing all its domestic efforts to combat illiteracy and eventually hoped to win the fight with international assistance.

41. Mr. HOGENDORP (Netherlands) said that literacy was not an end in itself but a means of helping individuals to play a full part in their own societies and hence in the international community. His delegation endorsed the view, expressed at the World Congress of Ministers of Education on the Eradication of Illiteracy and further emphasized by UNESCO, that functional programmes should be linked with development priorities. Indeed, the link between literacy and development was becoming increasingly clear. For example, the chief representative of the Netherlands at Teheran had been the Minister in charge of development aid and a former Minister of Education.

42. His delegation approved of the decision taken by the Governing Council of UNDP to finance the pilot projects for Algeria, Iran, Mali, Ecuador and the United Republic of Tanzania. The results of those projects would be particularly valuable in showing the relationship between education and productivity. He was glad to note that UNDP was also assisting FAO and the ILO in similar projects. The Netherlands delegation would prefer the bulk of the funds for educational projects to come from UNDP rather than from any new and separate voluntary fund.

43. It fully supported draft resolution A/C.2/L.926.

44. Mr. LOBANOV (Union of Soviet Socialist Republics) agreed that there was a close link between literacy and economic development. Iran had made an important contribution to the study of the subject by acting as host to the World Congress of Ministers of Education on the Eradication of Illiteracy and by contributing \$700,000 for the world campaign. That campaign must be based on the national efforts of individual States and on their widest possible participation.

^{2/} See Official Records of the Economic and Social Council, Forty-first Session, Annexes, agenda item 19, document E/4214, para. 5.

45. The Soviet Union realized the importance of the subject and had participated actively in discussion of it in various international forums. In its early history, the USSR had faced similar problems to those now confronting the developing countries. Before the revolution of October 1917, 76 per cent of the people had been illiterate and illiteracy had been particularly rife on the borders of Czarist Russia and in the regions of north-east and central Asia. In spite of enormous difficulties and without any assistance from abroad, the young Soviet State had waged a tremendous battle against illiteracy, the result of which had contributed to the economic, social and political transformation of Soviet society.

46. The State had played the main role in the campaign and special commissions had been set up at the State and local levels. Schools for literacy had been established throughout the Soviet Union and millions of workers had attended them. At first the campaign had concentrated on people between sixteen and thirty-five and subsequently the age-limit had been raised to fifty and over. The activities of the State had been complemented by those of public organizations and intellectual associations and the campaign had been pursued simultaneously in all the Republics of the Union. The success of the campaign had been partly due to the fact that instruction was given in the vernacular so that the various national groups were able to retain their own literature and cultural institutions. By 1930 illiteracy in the Soviet Union had been wiped out.

47. The Soviet Union was now doing everything in its power to help other countries do likewise. It was assisting the developing countries by the establishment of educational centres at different levels, the secondment of Soviet teachers and the provision of laboratory equipment and other teaching aids. It was participating actively in the training of national educational cadres

in the developing countries and welcomed large numbers of foreign students who would become teachers on their return home and thus help eradicate illiteracy.

48. Other methods of promoting literacy were seminars, exhibitions, and the exchange of scientists and teachers. In 1965, large-scale cultural exchanges had taken place between the Soviet Union and the countries of Asia and Africa. In May 1966, the International Seminar on the Eradication of Illiteracy had been held at Tashkent in which forty developing countries had taken part. Multilateral aid could also play an important role but it must be carefully organized with no waste of resources. The United Nations Educational, Scientific and Cultural Organization had done much to promote the world campaign for universal literacy and, in its budget for 1967-1968, had opened a special account for voluntary contributions for that purpose. Nevertheless, UNESCO should devote more attention to the links between literacy and development.

49. At the same time, it was the duty of Governments in the developing countries to enact legislation to ensure the effective organization of nation-wide literacy campaigns based on the experience of other more advanced countries. Those national efforts should be supplemented by multilateral and bilateral aid so that, by the end of the present decade, the number of illiterates throughout the world would be reduced. For that purpose, large amounts of money would be necessary and it was unfortunate that the present tense international atmosphere had made it more difficult to obtain such funds.

50. He hoped that additional consultations on draft resolution A/C.2/L.926 would lead to the formulation of a generally acceptable text.

The meeting rose at 1.10 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1095th
MEETING

Thursday, 8 December 1966,
at 3.20 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 47

World campaign for universal literacy (*continued*)
(A/6303 chap. XIII, sect. IV; A/6323, A/6449, A/C.2/L.926)

1. Sir Edward WARNER (United Kingdom) expressed his thanks to Her Imperial Highness Princess Ashraf Pahlavi for the clear and cogent statement which she had made at the previous meeting when introducing draft resolution A/C.2/L.926, and in which she had stressed the full extent and urgency of the problem.

2. The United Kingdom Foreign Secretary had pointed out to the General Assembly, on 11 October (1436th plenary meeting), that 250 million children of school age throughout the world were receiving no education. Everything possible should be done to call attention to those and other human wants so that the maximum international effort could be stimulated towards improving the situation. His delegation welcomed the generous gesture of the Iranian Government and His Imperial Majesty the Shahinshah of Iran towards UNESCO's literacy programme. The United Kingdom had chosen to contribute to the limit of its current resources to the campaign against illiteracy by contributing \$228,000 to UNESCO's literacy programme and about \$35 million—twice the amount of its daily expenditure on the armed forces—annually towards education for the developing world as a whole. There

was undoubtedly a link between literacy and development. As stated in UNESCO's report on the implementation of General Assembly resolution 2043 (XX),^{1/} pilot projects were the best approach, because they made it possible to determine more accurately the contribution of education to development and therefore the appropriate level of international finance required for that purpose, as opposed to other pressing development needs. His delegation was gratified that UNESCO was using that method.

3. While generally agreeing with the admirable objectives of draft resolution A/C.2/L.926, he considered that the amendments proposed by the United States delegation would improve the text; if they were accepted and if operative paragraph 3, in connexion with which the United Kingdom had objections of long standing to the establishment of funds dependent on voluntary contributions in specialized agencies, were deleted, his delegation could support the draft resolution.

4. Mr. SADI (Jordan) associated himself with the thanks expressed to Princess Ashraf Pahlavi for her very meaningful and graceful statement at the previous meeting. He believed that the words "to the conscience of the world" in the draft resolution should be replaced by a more specific expression.

5. Mr. HOO (China) associated himself with the congratulations addressed to Her Imperial Highness Princess Ashraf Pahlavi and paid a tribute to the initiative of His Imperial Majesty the Shahinshah of Iran and his contributions to the literacy campaign.

6. It was lamentable that there were still hundreds of millions of illiterates in the world, a fact which widened the gap between the rich and poor countries and was the major obstacle to the economic and social development of developing countries. Redoubled efforts should be made to find ways of eradicating illiteracy. That, of course, depended primarily on the efforts made by each country, but international aid and co-operation could be of great help. Such action must be continued and intensified, because, in view of population growth, the efforts to promote literacy and education could not be interrupted or neglected for long without endangering a country's future. For that reason, his delegation supported the world campaign for universal literacy, as it had in the past, and endorsed Economic and Social Council resolution 1128 (XLI), which was a decisive step in that direction.

7. Illiteracy was no longer a serious problem in the province of Taiwan, as the proportion of illiterates had decreased from 20 per cent in 1950 to less than 8

^{1/} Official Records of the Economic and Social Council, Forty-first Session, Annexes, agenda item 19, document E/4214.

per cent, whereas population had increased by 80 per cent. In continental China, on the other hand, the closing of schools, the suspension of classes and the destruction of books had brought about an increase in the number of illiterates and uneducated people, and many school-children and students had joined the ranks of the rampaging Red Guards who, on the pretext of a "cultural revolution", were actually destroying culture. That return to savagery, started and encouraged by the authorities, conflicted with the aim of the world literacy campaign.

8. His delegation would support draft resolution A/C.2/L.926 and any amendments to improve it and hoped that it would be approved unanimously.

9. Mr. M'BAYE (Guinea) thanked Her Imperial Highness Princess Ashraf Pahlavi whose statement at the preceding meeting would further the campaign against illiteracy.

10. Guinea had begun to take vigorous steps in that direction even before UNESCO had launched its campaign, in the light of its own experience. The fight against ignorance and under-development was his country's main preoccupation and it intended to give its population not only a general education but, more important, specialized training. It wished to change radically a mentality deformed by colonialism. The whole people of Guinea was taking part in the literacy campaign following the example of the Cuban people, which had obtained remarkable results in a short period. His delegation warmly welcomed UNESCO's action and would vote in favour of the draft resolution, which it wished to co-sponsor.

11. Mr. MURGESCU (Romania) congratulated the Iranian delegation on the initiative taken by its Government and paid a tribute to Princess Ashraf Pahlavi for her brilliant statement at the previous meeting. The draft resolution was a sequel to Iran's generous gesture for the elimination of illiteracy. The action taken in that connexion was one of the most noble enterprises of the United Nations. The human factor was of capital importance in the process of economic and social development, and the elimination of illiteracy was the first prerequisite for the development of human resources and the achievement of economic and social progress. The sponsors defined in the draft resolution the stages by which illiteracy would be eliminated throughout the world and the part which international co-operation could play in that respect. The United Nations Educational, Scientific and Cultural Organization occupied a special place in that process and its role was endorsed by Economic and Social Council resolution 1128 (XLI). It was in that same spirit that his Government was striving to eliminate the illiteracy it had inherited from the past, organizing vocational training and encouraging the spread of science and culture among all strata of the population. His delegation was gratified to find that spirit reflected in a United Nations document which sought to intensify both national and international efforts, chiefly through UNESCO, in an area so vital for development. In its report to the Economic and Social Council, UNESCO demonstrated how concerned it was to develop guidelines and define methods for overcoming illiteracy.

12. The idea of functional literacy defined in that report had the full support of his delegation; literacy programmes should contribute to the achievement of important economic objectives in many spheres; they should be integrated with vocational training activities; they should not be confined to teaching reading and writing, but should also impart some professional knowledge. It was also wise to recommend incorporating literacy into national economic development and education plans. His delegation would therefore vote in favour of the draft resolution before the Committee and hoped it would be approved unanimously.

13. Mr. DJOUDI (Algeria) expressed his deep gratitude to Princess Ashraf Pahlavi for the honour she had done to the Committee by coming to introduce the draft resolution in person—a specially meaningful gesture, since it came from a country which was taking an active part in the fight to eliminate illiteracy. It was also symbolic of the dynamic role played by the Iranian woman and women generally.

14. Ever since the World Congress of Ministers of Education on the Eradication of Illiteracy, held at Teheran in 1965, literacy had been recognized to be a factor of economic and social development and, as such, within the jurisdiction of the United Nations Development Programme (UNDP), which had already financed functional literacy projects of concern to a number of countries. As Princess Ashraf Pahlavi had said, illiteracy was not merely the denial of a fundamental right, it was also an obstacle to economic development and a threat to peace. In a spirit of human solidarity the peoples to whose conscience the draft resolution appealed must provide the funds required for the literacy campaign. To know was to understand, and knowledge created mutual understanding among peoples and thus prepared the way to peace. He referred to the statement, made by the Director-General of UNESCO at the summer session of 1966 of the Economic and Social Council (1425th meeting), in which he had defined the under-development of a community as the fact that it had not really attained, in its mind and customs, the scientific and technological civilization which was now the form and motive force of human progress. A country was developed when the science and technology it produced had ceased to be imported magic and were an integral and living part of its culture.

15. His delegation would support the draft resolution.

16. Mr. VENEGAS (Colombia) expressed his admiration and that of his country for the announcement made by Her Imperial Highness Princess Ashraf Pahlavi which constituted an example worthy of imitation. It was indeed stimulating that a country should devote to the UNESCO literacy campaign the equivalent of its military expenditure for one day.

17. The problem of illiteracy was so vast that it should be given at least the same priority as economic development itself; literacy was undoubtedly at the very root of social progress.

18. Aware of the priority that literacy deserved, Colombia was spending almost 20 per cent of its annual budget on education, although under the Constitution it was required to devote only 10 per cent to the training of teachers, the construction and recon-

struction of schools, and to the speedier fulfilment of the national aim of bringing the benefits of literacy to as many people as possible. Sometimes the struggle was unequal: for each teacher who was trained and for each school that was built, the number of school-age children eager for education increased still further under the impact of the demographic explosion.

19. So great was the thirst for knowledge in his country that a private non-profit-making association had recently been established for the purpose of publishing free primary-school textbooks. Perhaps UNESCO could take that example into account and study the possibility of devoting part of its resources for the world literacy campaign to the publication of free primary-school textbooks. Of course, that would be done on a world-wide scale and efforts could be made to ensure that the basic task was shared, according to the different legal systems, between Governments and private and philanthropic organizations wishing to take part in such a crusade for knowledge.

20. Finally, Colombia wished to be included among the sponsors of draft resolution A/C.2/L.926.

21. Mr. AYOUB (Tunisia) thanked Princess Ashraf Pahlavi and recalled the links of friendship and co-operation existing between Tunisia and Iran.

22. The draft resolution was fully in conformity with the principles upheld by the Tunisian Government, which devoted 25 per cent of its budget to national education and was waging a vigorous campaign against illiteracy. However, his delegation was disappointed at the refusal to discuss certain prohibited topics; he hoped it would be possible to tackle them in other forums in a positive spirit and that at least part of the sums wasted on the manufacture of armaments could be used for the literacy campaign.

23. Mr. PESHKOV (Byelorussian Soviet Socialist Republic) thanked Her Imperial Highness Princess Ashraf Pahlavi for the statement she had made at the preceding meeting.

24. Both national and international measures for the eradication of illiteracy had been discussed in detail at the twentieth session of the General Assembly, UNESCO and a number of international and regional meetings, in particular at the World Congress of Ministers of Education held at Teheran. In the various recommendations and resolutions, emphasis had been laid on the importance of the cultural and socio-economic development of the developing countries which often encountered obstacles and difficulties resulting from illiteracy and from the lack of qualified personnel, for populations frequently very large. The campaign against illiteracy represented a major effort by the developing countries to eliminate the vestiges of colonialism. The vigorous measures taken by the Governments of those countries were a basic means of strengthening their economic and social progress. Literacy produced new human and technical resources which contributed to the solution of many problems in the spheres of industrialization, agriculture and the training of national cadres. Owing to the limited resources available and the enormity of the task, the most effective means must be employed in the world campaign. It was also necessary to use

the experience acquired by certain developing countries which, although possessing only limited resources, had succeeded in achieving remarkable results in a very short time.

25. Byelorussia herself, three quarters of whose population had been illiterate in 1917, had succeeded in wiping out illiteracy by 1936, in spite of the difficulties caused by the occupation and the war. The profound economic and social changes that had taken place and the participation of the whole population in the campaign had enabled Byelorussia to solve that serious problem rapidly and completely. Today, school children excepted, almost one third of the population of Byelorussia were engaged in studies of one kind or another. In 1965-1966, 1,782,000 persons out of a total population of 8.7 million had received a general education and 226,000 a higher or specialized education. There were a considerable number of specialized courses and training-schools.

26. In its resolution 1128 (XLI), the Economic and Social Council had stressed that the promotion of literacy was linked to economic and social progress. In many developing countries programmes for the eradication of illiteracy formed an integral part of national development plans. In order to give more effectiveness to the world campaign, their example should be followed.

27. His delegation supported draft resolution A/C.2/L.926 but thought it would be useful if the sponsors took into account certain suggestions for improving the text.

28. Mr. AHMED (Pakistan) expressed appreciation of the noble gesture of Princess Ashraf Pahlavi whose presence at the preceding meeting augured well for the discussions of the Second Committee.

29. No one could deny the urgent need to eliminate the scourge of illiteracy by intensifying both national and international efforts. The initiative of UNESCO and General Assembly resolutions 1937 (XVIII) and 2043 (XX) had been favourably received by all Member States. The Economic and Social Council had adopted the important resolution 1128 (XLI); however, as the Secretary-General had said in his Note which was before the Committee (A/6449), some time would have to elapse before its results could be judged. In the Economic and Social Council and at the UNESCO General Conference, Pakistan had always supported literacy programmes and he expressed his admiration for the action of the Director-General of UNESCO in expanding UNESCO programmes in that field. He was also glad to note the participation of FAO in the campaign. The developing countries had a particular problem in that respect: whereas their resources were limited, their needs were immense. It was not always possible to allocate all the necessary resources to the various development sectors. There were competing demands for such resources and countries were compelled to establish a certain balance and an order of priorities. Of course, the developing countries must intensify their struggle against illiteracy but even so the success of the campaign would finally depend on the resources which the international community was ready to provide.

30. He thanked the Shahinshah of Iran for his generous initiative and for his contribution to the campaign against illiteracy. He was glad that Iran's example had been followed by Mali, Morocco and Tunisia.

31. Mr. MIRGHANI (Sudan) associated himself with all the other delegations in thanking Princess Ashraf Pahlavi for having drawn the attention of the world to the grave problem of ignorance and illiteracy. He hoped that the great Powers, which had the necessary resources, would follow the example given by Iran, Mali, Morocco and Tunisia and would contribute generously to the world campaign for universal literacy until it had achieved its objectives.

32. His delegation interpreted operative paragraph 2 of the draft resolution before the Committee as meaning that the assistance of non-governmental organizations and private bodies would be provided only at the request of the interested governments. He hoped that the draft resolution would be adopted unanimously and that the world campaign for universal literacy could achieve its goals.

33. Mr. Mohamed AL-ATRASH (Syria) said that his delegation was pleased to be among the sponsors of draft resolution A/C.2/L.926 and paid a tribute to Princess Ashraf Pahlavi, who had introduced it.

34. Education enriched life and enabled those who received it to take part in development efforts. In Syria education had been free since 1951, a fact which had led to the spread of literacy and a reduction in the number of illiterates. A growing share of the State budget was earmarked for national education.

35. He endorsed the comments of the representative of Sudan and stated that his delegation, too, interpreted operative paragraph 2 to mean that non-governmental and private organizations would provide financial support only at the request of the Governments concerned.

36. Mr. KAUL (India) expressed his thanks to Princess Ashraf Pahlavi. Although it would be going too far to say, as Socrates had done, that the difference between an educated and uneducated man was the same as the difference between the living and the dead, it was nevertheless undeniable that without education a human being was unable fully to realize his potentialities. Illiteracy slowed down progress. For the developing countries, it was of the greatest urgency, and the development of human resources was their most important concern.

37. India, which had considerable illiteracy problems because of its very large population, had made a special effort over the past fifteen years to expand primary and adult education; the number of pupils receiving primary education had increased from 19 million to 52 million, and many adults had learned to read and write. Today, India's literacy rate was about 30 per cent. However, the shortage of resources was a serious handicap. For that reason, India had always been closely associated with UNESCO's efforts and hoped that it would also be able to receive assistance from UNDP. There was, however, another side to the question of literacy: over the past few years, India had gained valuable experience which it would be glad to offer to developing countries. It

had already been doing so for some Asian and African countries. India whole-heartedly supported UNESCO's programme and all initiatives of United Nations bodies.

38. Miss BENNATON (Honduras) thanked Princess Ashraf Pahlavi for her very interesting statement. Literacy was a particularly serious problem for the developing countries, where it was one of the causes of poverty, hunger and general under-development.

39. In some Latin American countries, the problem was complicated by an outmoded educational system and a lack of qualified teachers, and by rapid population increase, particularly among the underprivileged classes. In many developing countries, the situation was alarming and illiteracy was spreading rather than decreasing. However, the need to bring literacy to the masses was recognized by all, because education, which had formerly been a luxury reserved for the privileged classes, was now a necessity in the life of every human being.

40. The problem, therefore, was how to ensure the spread of literacy and, in particular, how to finance a world campaign. Because the Governments of developing countries usually had inadequate financial resources at their disposal, religious orders and various private institutions sometimes took action on their own; in Honduras, for example, a rural education campaign had been launched with the help of the Church and voluntary teachers. However, such action did not guarantee the continuity which was needed for final success, and every effort must therefore be made to obtain the necessary resources, not only from Governments, international institutions, foundations and similar bodies, but also from the private sector. As appeal to the conscience of the world through the Press might be a way of mobilizing the resources required, Trade unions could also help workers obtain education, and private firms could earmark part of their annual profits for the financing of literacy and educational programmes, as they did in Venezuela by contributing a voluntary dividend to the community. In those various ways much could be done through international co-operation to ensure that the masses were taught to read and write—the first step towards collective development or, in other words, towards progress.

41. Mr. CAMEJO ARGUDIN (Cuba), explaining his vote in advance, said that the Cuban Government had succeeded, in the space of two years and despite the difficulties which it had faced as a result of the economic blockade imposed by United States imperialism, in completely eradicating illiteracy, which had been a real scourge to Cuba up to 1959. Cuba's efforts in that connexion had aroused the interest of UNESCO and the International Bureau of Education at Geneva.

42. The Cuban delegation supported the draft resolution before the Committee and would vote for it, if the sponsors took into account the comments made by certain delegations, in particular those of the socialist countries.

43. Finally, he associated himself with those who had expressed their thanks to Princess Ashraf Pahlavi.

44. Mr. VARELA (Panama), explaining his vote in advance, said that he was very conscious of the honour

which Princess Ashraf Pahlavi had done the Committee in introducing in person draft resolution A/C.2/L.926, which the Panamanian delegation fully supported. He would be glad to vote for it if certain amendments were made in the Spanish text before it was included in the Committee's report.

45. The CHAIRMAN said that the Secretariat would take the Panamanian representative's comments into account.

AGENDA ITEM 49

Operational activities for development (concluded):

(a) Activities of the United Nations Development Programme;

(b) Activities undertaken by the Secretary-General

ADOPTION OF THE DRAFT REPORT OF THE COMMITTEE (A/C.2/L.929)

46. Mr. REISCH (Austria), Rapporteur, presented the Committee's draft report on item 49.

The draft report (A/C.2/L.929) was adopted.

AGENDA ITEM 39

United Nations Development Decade: report of the Secretary-General (A/6303, chap. II; A/6426, E/4196 and Add.1-3, A/C.2/L.931 and Corr.1)

47. Mr. LUBBERS (Netherlands), introducing draft resolution A/C.2/L.931 and Corr.1, stated that Liberia, Niger, Nigeria, Philippines, Rwanda and Turkey should be added to the list of sponsors. The sponsors believed that the experience of the first United Nations Development Decade showed that any future action of the United Nations family of organizations in the field of development should be thoroughly and systematically prepared in advance. The disappointingly slow progress achieved during the first Development Decade, which was noted in the second preambular paragraph, could only be prevented in future if Member States took the steps prescribed in the third preambular paragraph without delay.

48. Recalling the words of the Netherlands Minister in charge of development aid in his general statement to the Second Committee (1036th meeting), he stressed the need for Governments and public opinion in both developed and developing countries to have a clear picture of the policies which would serve as a basis for efficient programmes of action in the field of development. The multitude of guidelines, directives and principles in numerous documents of various United Nations bodies made it difficult to establish a coherent and concerted policy, and it was therefore urgent to take stock of the situation. That was the aim of the draft resolution before the Committee; the sponsors believed that the Committee should have no difficulty in approving it, since its operative paragraphs were confined to requesting the Secretary-General to undertake a preparatory survey, and in no way prejudged any decision which the General Assembly would take at its next session, when it would have before it the interim report referred to in the draft resolution.

49. In reply to numerous questions which had been addressed to him, he wished to point out that the pro-

visions of the draft resolution could in no way interfere with the principles adopted by the United Nations Conference on Trade and Development (UNCTAD). In the first place, they did not infringe upon UNCTAD's area of jurisdiction, and they provided that the Secretary-General of the United Nations should consult the Secretary-General of UNCTAD as well as the Executive Director the United Nations Industrial Development Organization (UNIDO). In the second place, the scope of the survey requested of the Secretary-General was much wider than trade and development, for it was to comprise the principles of FAO on the disposal of agricultural surpluses, the charter for development contemplated by the Third Committee, the rules of behaviour of peoples and nations in the field of permanent sovereignty over natural resources, the Declaration of the principles on international cultural co-operation just adopted by the General Conference of UNESCO, and many other principles and directives adopted by Member States with regard to developmental problems and policies. Anxieties concerning the relationship between the draft resolution and the principles of UNCTAD had been expressed by the protagonists of those principles, who had feared that they might be weakened, as well as by the adversaries of the principles, who had feared that they might be prematurely activated. That situation in itself proved that the sponsors had taken the right kind of initiative, for while the draft resolution left UNCTAD's responsibilities fully untouched, it might in the long run very well contribute to a better understanding of the principles in question.

50. Contrary to the doubts expressed by some delegations that nothing more was involved than a theoretical effort, he would point out that the task entrusted to the Secretary-General was a purely practical one and could not but be conducive to a spirit of unanimity which would be more favourable for the elaborating of future development policies than any crystallizing of majorities versus minorities would be.

51. The sponsors therefore hoped that the draft resolution would be adopted unanimously, particularly as they had assured themselves that the financial implications were minimal.

52. Mr. VARELA (Panama) said that the provisions of the draft resolution (A/C.2/L.931 and Corr.1) aptly complemented those of Economic and Social Council resolution 1152 (XLI), in which the Economic and Social Council requested the Secretary-General to consider what preparations were required in order to further and to facilitate planning for concerted international action for the period after the United Nations Development Decade. The survey which the Secretary-General would carry out in pursuance of the draft resolution would eliminate any need to search through a mass of widely dispersed documentation in order to find the suggestions, recommendations and appeals made by the various United Nations bodies in their endeavour to promote the kind of effective international co-operation that would expedite development. Because of the need for energetic efforts to realize indispensable objectives, the time had come to draw up a sort of concise and meaningful statement of beliefs concerning development; such a "creed" might help to implant a desire for action on the part

of the national and international leaders who had still not taken any steps to ensure a higher standard of living for the great majority of mankind. The report requested of the Secretary-General in Council resolution 1152 (XLI) would be facilitated by a survey of the work already carried out with regard to objectives and the methods of achieving them. It was to be hoped that such a "primer" of international action on behalf of development would help to bring down the barriers separating two separate worlds, to introduce flexibility into the rigid economic structure of the developing countries and to lighten the burden which traditional economics imposed on the terms of trade of those countries. It was to be hoped, in short, that it would make all men aware of the need for ensuring the welfare of their fellow-men under conditions that would be reasonable and fair.

Mr. Reisch (Austria), Rapporteur, took the Chair.

53. Mr. FILALI (Morocco), noting that his delegation had often expressed its concern over the inadequate results of the United Nations Development Decade, said that he fully endorsed the provisions of the draft resolution. One of the causes of the present economic stagnation in the developing countries seemed, after all, to be the lack of a concise and systematic survey which might help delegations to formulate specific and coherent proposals. The many valuable documents which already existed were too widely dispersed to be effectively used, and the sponsors of the draft resolution were to be commended on their proposals for measures to remedy that situation so that the next decade might be approached with abundant prospects for success.

54. His delegation would like to join the sponsors of the draft resolution if they would agree to insert in operative paragraph 1 the words "the regional economic commissions and the United Nations Economic and Social Office in Beirut" after the words "United Nations Industrial Development Organization". It made that request because of its belief that the special familiarity of those bodies with regional problems enabled them to make a positive contribution to the task entrusted to the Secretary-General.

AGENDA ITEM 37

United Nations Conference on Trade and Development: report of the Trade and Development Board (continued)* (A/6303/Add.1, chap. I; A/6315, A/6501, A/C.2/L.925 and Rev.1.)

55. Mr. WIJESINGHE (Ceylon) said, in introducing draft resolution A/C.2/L.925/Rev.1, that in the few days available to them the sponsors had consulted the various groups concerned. Some delegations had asked for time to consult their Governments, and certain of them had, he was pleased to say, informed him that they would support the revised draft. There seemed to be no point in repeating the arguments in favour of the draft in its original form (A/C.2/L.907, part C) which had been put forward by his own country as well as by Iran and Syria. However, that version had given rise to some differences of opinion whereas a satisfactory understanding seemed to have been reached on the revised draft.

56. In the first preambular paragraph, the sponsors had deleted the words "Annual Report of the International Monetary Fund for 1966 (E/4282)". As that report had not yet been submitted to the Economic and Social Council, it would be somewhat premature to take note of it. In the second preambular paragraph, an error had been corrected by inserting the word "responsive" to replace the word "responsible". In the third preambular paragraph, the word "Welcoming" had been replaced by "Noting", and the word "informal" had been inserted before the word "meetings". The changes in that paragraph had been made because the talks at Washington between the Executive Directors of the International Monetary Fund (IMF) and the Group of Ten were not in the nature of formal discussions, so that the General Assembly could do nothing more than note them. In operative paragraph 1, the words "which so desire" had been inserted after the words "developing countries", because in the opinion of the sponsors, participation in the discussions referred to in that paragraph could only be voluntary. On the proposal of the representative of France, the words "including those" had been inserted after the words "international monetary reform arrangements". With regard to operative paragraph 2, the sponsors had regarded the expression "to keep in touch" as somewhat weak and had therefore replaced it by the expression "to consult". He expressed his thanks to Mr. Kaul for his assistance to the sponsors during the negotiations which had preceded the submission of the revised draft.

57. Mr. KAUL (India) said that despite the complexity of the subject being dealt with, the revised draft had met with a rather large measure of agreement. The few changes which had been made were motivated by a desire to make the draft resolution a more balanced instrument.

Mr. Tell (Jordan) resumed the Chair.

58. Mr. BLAU (United States of America) said that, for the United States which had always felt that the debate on monetary problems should be expanded so as to take the needs of the developing countries into account, the revised draft resolution was a step backward from the original version as contained in document A/C.2/L.925. His delegation would find it more difficult to support the revised draft, and that was particularly regrettable because his country had always been in the front rank of those which in IMF and the Group of Ten had defended the view that the developing countries should have an opportunity to make known their views.

59. It was argued that a document issued under a United Nations symbol could not, for procedural reasons, be mentioned in the preamble of the draft resolution because it had not yet been considered by the Economic and Social Council. However, if the Committee wished to take a balanced view of the matter, it must take account of the fact that IMF, like other specialized agencies, had dealt with the problem under consideration. The initial draft had no more than taken note of that document in the same way that the Committee had recently agreed to take note of a recommendation of OAU which was not even before the Committee. If it was not possible to "take note of" the document, it could at least be mentioned

*Resumed from the 1093rd meeting.

in a preambular paragraph beginning with the words: "Bearing in mind". To fail to mention the body in which the developing countries participated in the discussion of the problems at issue was a procedure that could not be accepted.

60. With regard to the third preambular paragraph, he noted that not only had his delegation's proposal been transformed into nothing more than a preambular paragraph but that the expression "Welcoming" had been discarded. A step of that kind seemed to be lacking in seriousness. Important negotiations in which both the developing and the advanced countries were taking part were in progress. They were proceeding satisfactorily and would undoubtedly be successful. It was to be wondered why the General Assembly could not welcome an initiative of that kind.

61. The phrase "which so desire" added to operative paragraph 1 was not without its problems. There could be no question, of course, of compelling a country to take part in the discussions; however, being party to an international monetary arrangement entailed not only benefits but also obligations. It was not for the Committee to condone those who refused such obligations. Most of the countries had in fact accepted the obligations before claiming the right to participate in the discussions. His delegation opposed the replacement in operative paragraph 2 of the words "keep in touch with" by the words "consult with". The Secretary-General of UNCTAD would have no occasion to consult with the Managing Director of IMF on the progress of activity relating to international monetary reform. It was natural that he should be asked to keep in touch with the Managing Director, and that could be done through the customary relationship by agreement between the United Nations and IMF.

62. Unlike the other draft resolutions concerning UNCTAD, the submission of the present one had been preceded, not by negotiations across the table, but by a series of bilateral encounters. The misunderstandings to which it had given rise were perhaps the result of that procedure. His delegation for its part was prepared to do its utmost towards the achievement of satisfactory results.

63. Mr. BOIKO (Ukrainian Soviet Socialist Republic) considered that the sponsors of the revised draft resolution had succeeded in improving their text, and he would have no difficulty in accepting it in its new form. Draft resolution A/C.2/L.925/Rev.1 was a reworking of part C of draft resolution A/C.2/L.907. His delegation, which had commented on the latter text (1084th meeting), was glad to see that the revised draft resolution clearly defined the role UNCTAD could play in the implementation of an international monetary reform. It enabled all the countries that were members of UNCTAD to participate in the consideration of measures relating to such a reform. Such participation was all the more appropriate as one of UNCTAD's tasks was to improve international trade relations. It would be difficult for UNCTAD and its Board to stand aloof from the preparation of measures so closely connected with the development of international trade as an international monetary reform.

64. Mr. MARTIN WITKOWSKI (France) observed that the proposal to delete the reference to the Annual

Report of IMF for 1966 from the first preambular paragraph had been made for purely legal reasons and implied no mistrust of the Fund. That document was to come before the Economic and Social Council on 19 December 1966. Nevertheless, his delegation was prepared to accept the United States representative's suggestion that the original paragraph should be retained, with the words "Taking note" being replaced by "Bearing in mind".

65. Mr. CARANICAS (Greece) said that he, too, had expected the revised draft resolution to be an improvement on the original. He endorsed the objections formulated by the United States representative. Regarding the first preambular paragraph, it should be kept in mind that IMF played a foremost role in the matter. Legal considerations should not be an obstacle, and the substance of the question should be examined. As the Fund's report contained all the information that was currently available, any decision to disregard it would be unrealistic. The reference to the report could be preceded by the words "Bearing in mind". The second preambular paragraph of the revised draft resolution seemed to imply that the objective of the monetary reform was the transfer of resources from one group of countries to another. The purpose of the international monetary reform was to alleviate international payments difficulties. Such reform was not a panacea for bringing about an increase in the liquidity reserves of developing countries. The expression "economic growth" seemed to suggest that the reform of the international monetary system could resolve the problems of development. The draft resolution would come closer to the facts if those words were replaced by the expression "orderly growth of international trade".

66. The changes made in operative paragraph 1 were unnecessary, for no country could be compelled to take part in any discussions or decisions against its will. In operative paragraph 2 it was unclear why the Secretary-General of UNCTAD should consult with the Managing Director of IMF; he should, of course, keep fully in touch with the progress of activity relating to the reform. Consultations were proceeding within the framework of IMF, in which almost all developing countries were represented. He announced that he would ask for a vote by division on that paragraph.

67. Mr. GALLARDO MORENO (Mexico) considered that the vote on draft resolution A/C.2/L.925/Rev.1 should be deferred in view of the importance and complexity of the question.

68. Mr. Mohamed AL-ATRASH (Syria) observed that the developing countries' shortage of international liquidity was a well-known fact, recently confirmed by the Managing Director of IMF. The shortage was further aggravated by the fluctuations in those countries' exports earnings.

69. Regarding the comments of the representative of Greece on the second preambular paragraph, the increase in international liquidity envisaged in that paragraph did not necessarily imply an initial transfer of resources. There were schemes to increase international liquidity such as the creation of reserves which was part of the scheme worked out by the UNCTAD Group of Experts on International Monetary

issues,^{2/} which did not entail an initial transfer of resources. His delegation would have readily accepted the deletion of the third preambular paragraph. It believed, however, that the wording had been improved by indicating the informal nature of the Group of Ten. He recalled in that connexion that during the consideration of draft resolution A/C.2/L.923, the United States delegation, at the 1090th meeting, had opposed the Indian proposal, describing the Group of Seventy-seven Developing Countries as informal. The Syrian delegation had felt that the expression "keep in touch with" did not mean much and had urged a stronger wording.

70. Sir Edward WARNER (United Kingdom) supported the Mexican representative's proposal.

71. Mr. INGRAM (Australia) said that in his view the revised draft resolution was actually a new text. It dealt with extremely complex questions and the Australian delegation could not vote on it before it had been given thorough consideration. No immediate decision should be taken on the date of the vote, which should be preceded either by full debate or informal negotiations outside the Committee, preferably the latter. The Committee must act prudently and avoid hasty decisions, since the question at issue was an important one which had been considered at length by UNCTAD and its subsidiary organs such as the Committee on Invisibles and Financing related to Trade, which were the competent bodies appointed by the General Assembly to examine technical questions of that kind.

72. Mr. BLAU (United States of America), speaking in the exercise of his right of reply, said that irrespective of the validity of the proposals concerning the Group of Seventy-seven Developing Countries, the Governments that were parties to the General Arrange-

ments to Borrow constituted an official group which had been recognized by IMF; representatives of IMF had taken part in some of the deliberations of the Group of Ten.

73. The CHAIRMAN said that he did not intend to precipitate the vote on draft resolution A/C.2/L.925/Rev.1 and expressed the hope that further negotiations would make agreement possible.

74. Mr. Mohamed AL-ATRASH (Syria), speaking in the exercise of his right of reply, said that the IMF decision creating the General Arrangements to Borrow was taken in 1962 to which ten industrial countries adhered. In 1964 Switzerland adhered to that decision. The Group of Ten, or Eleven, could not be considered as a formal group. He was given to understand that one of the Executive Directors of IMF had declined to participate in the negotiations at present under way between IMF and the deputy of the Group of Ten.

75. Mr. FIGUEROA (Chile) suggested that the Rapporteur should prepare the first part of the Committee's report on UNCTAD without awaiting the completion of the item's consideration. It was important that the General Assembly should quickly approve the convening of the special session which the Trade and Development Board was to hold under the draft resolution adopted by the Committee at its 1093rd meeting (A/C.2/L.928), so that the time-table of UNCTAD meetings in 1967 might be suitably revised.

76. The CHAIRMAN endorsed that suggestion and proposed that the Committee should authorize the Rapporteur to submit the first part of his report directly to the General Assembly without prior approval by the Committee.

It was so decided.

The meeting rose at 6.10 p.m.

^{2/} See International Monetary Issues and the Developing Countries (United Nations publication, Sales No.: 66.II.D.2).

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1096th
MEETING

Friday, 9 December 1966,
at 10.45 a.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 47

World campaign for universal literacy (continued)
(A/6303, chap. XIII, sect. IV; A/6323, A/6449,
A/C.2/L.926/Rev.1)

1. Mr. POLIT (Ecuador) said that he was happy to announce that his Government had decided to donate a sum equivalent to one day's defence expenditure to the UNESCO fund for the world campaign for universal literacy.

2. Mr. RAHNEMA (Iran) welcomed the announcement by the representative of Ecuador. Ecuador would be included in the list of countries mentioned in the fifth preambular paragraph of draft resolution A/C.2/L.926/Rev.1.

3. The statements of the previous day had shown that a remarkable degree of unanimity existed within the international community on the value of the new approach to literacy programmes enunciated in Economic and Social Council resolution 1128 (XLI). Reference had been made by several speakers to the need to make literacy programmes an integral part of all economic and social planning and to the fact that many Governments were already giving priority to the eradication of illiteracy in their national development plans. The principle that the fight against mass illiteracy was the prime responsibility of each country and that it was accordingly for national Governments to determine how the problem should be tackled in their countries had been stressed by a number of delegations.

4. The sponsors had therefore decided to revise their draft resolution in the light of the many constructive suggestions that had been made; the revised version emphasized that, despite the efforts of the countries concerned, the number of illiterates was increasing in absolute terms and that the problem had become so overwhelming that only concentrated

international effort could solve it. It should be noted, in that connexion, that, even if all Member States followed the example of those mentioned in the fifth preambular paragraph and donated the equivalent of one day's military spending, the total collected would still be only one tenth of the amount required for the implementation of the full-scale world campaign for universal literacy.

5. A further seven delegations were co-sponsoring the draft resolution. In view of the contribution which public and private organizations in the United States could make to the solution of the literacy problem, it was particularly gratifying that that country's delegation was among the sponsors of the revised document.

6. Mr. ROOSEVELT (United States of America) thanked the sponsors of the draft resolution for accepting some suggestions made by his delegation and thus enabling it to become a co-sponsor. His delegation would do its utmost to alert public and private institutions in the United States to the need for help in the world campaign.

7. The CHAIRMAN put to the vote the twenty-three-Power draft resolution (A/C.2/L.926/Rev.1).

The draft resolution was adopted without opposition.

8. Mr. GAGLIOTTI (United Nations Educational, Scientific and Cultural Organization), speaking on behalf of the Director-General of UNESCO, thanked the members of the Committee for their tributes to UNESCO's efforts to organize the world campaign. The task was a difficult one and the Director-General considered it second to none of those for which UNESCO was responsible. He also expressed the Director-General's deep appreciation of the Ecuadorian Government's generous gesture.

AGENDA ITEM 37

United Nations Conference on Trade and Development: report of the Trade and Development Board (continued) (A/6303/Add.1, chap. I; A/6315, A/6501, A/C.2/L.925/Rev.1)

9. Mr. PREBISCH (Secretary-General, United Nations Conference on Trade and Development) observed that when the Committee had recently approved draft resolution A/C.2/L.909/Rev.1 (1091st meeting), in which it urged that the consultations then proceeding on cocoa should be completed as soon as possible, there had been high hopes that the consultations would lead to the resumption of the United Nations Cocoa Conference. He regretted to inform the Committee that those hopes had not been fulfilled; the consultations had failed to achieve such progress as would justify the reconvening of the Conference. As in the June 1966 negotiations, the main obstacle had again

been price levels. He had been encouraged by statements made in the Economic and Social Council and the Trade and Development Board to believe that an arrangement acceptable to both producer and consumer countries could be worked out without undue difficulty; his advice to the Cocoa Producers Alliance to make a special effort to achieve a reasonable compromise had been heeded and the producers had, in fact, given much ground at the recent consultations. Unfortunately, the position of the consuming countries on price levels was virtually unchanged and the consultations had ended without achieving any noticeable progress.

10. Although the programme of action which had been the basis for the negotiations did not satisfy the original hopes of the producer countries, it was, nevertheless, absolutely sound economically and financially. The producers had yielded to the consumer countries' insistence that the chief regulating machinery should be export quotas, rather than buffer stocks. They had made further concessions with regard to the operation of the buffer stock by agreeing to a system under which the management of the buffer stock would purchase only cocoa unsold at the end of each crop year. Moreover, although some of the consuming countries had expressed willingness to contribute to the operating expenses of the buffer stock, the producing countries had agreed to finance it, if necessary, by a levy of 1 per cent per pound on all cocoa exports.

11. The fear of consuming countries that to fix the floor price at a level higher than was warranted might lead to over-production had induced the producers to agree to a formula whereby all unsold stocks of cocoa in excess of 250,000 tons would be converted into oleo-margarine and sold at one quarter of the market price. That provision would effectively discourage over-production. Moreover, the producing countries had agreed that those surpluses would be under the control of the Cocoa Council.

12. Unfortunately, the flexibility shown by the producing countries had not been matched by some consuming countries which still maintained a rigid attitude to prices. The breakdown of the negotiations was a matter of serious concern, because there were a number of advantages that cocoa enjoyed over other commodities: there was no competition from developed producing countries, consumption was high and surpluses could be converted into oil or margarine without affecting the cocoa market. Thus, if an agreement could not be reached on cocoa, the outlook would be bleak indeed for other commodities.

13. However, there was no cause for pessimism: the difference between the producing countries, which had agreed to a floor price within the range of 20 to 22 cents per pound, and the consuming countries, which had proposed a range of 19 to 21 cents per pound, was very small. Unfortunately, whereas the producers had been unanimous, some important consuming countries had refused to accept a floor price higher than 19 cents per pound. In view of the fact that cocoa prices had only once dipped below 20 cents per pound in the past twenty years, he had been quite unable to recommend acceptance of the figure of 19 cents per pound to the producing countries. He appealed for greater flexibility on the part of the

negotiating countries. As the experience of the International Tin Agreement had shown, no risks were involved: if the market price threatened to fall below the price at which the commodity had been bought, the regulating machinery could be brought into play to adjust export quotas. Similarly, any threat of over-production could be met by limiting the stocks which a country could hold. In the case of cocoa, further protection was afforded by the fact that surpluses could be made into oil or margarine.

14. The value of a constructive approach, based on co-operation and goodwill, had been shown by the attitude of some producing countries to the question of the discriminatory preferences established by members of the European Economic Community. In the cocoa negotiations, some Latin American countries had warned against the dangers of those preferences, but had nevertheless agreed not to press for the inclusion of defensive preferences in a cocoa agreement. Instead, a study group was to be set up to discuss means of solving the problem by compensating the countries affected.

15. The negotiating parties had been on the brink of agreeing on a sound action programme, involving no more risks than any other agreement. Despite his deep disappointment at the breakdown of the negotiations, he was convinced that further patient efforts could lead to agreement, and in that connexion, it was encouraging to note that in the United States the necessity for a speedy conclusion of an agreement had been expressed at the highest level.

16. Mr. WILMOT (Ghana) said that, despite its disappointment at the breakdown of negotiations, his delegation believed that agreement was still possible and that efforts to solve outstanding difficulties should continue, so that the United Nations Cocoa Conference could be reconvened as planned.

17. A detailed study of the important statement by the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD) would help the Governments concerned, especially those of consuming countries which were still adamant on price levels, to reconsider the whole issue, and he therefore proposed that the statement should be issued as a Committee document.

It was so decided.^{1/}

18. Mr. POLIT (Ecuador) said that his country had often suffered from fluctuations in the price of fine cocoa, of which it was the world's leading producer, and it therefore fully supported all efforts to reach an agreement on cocoa. It was important to know the exact reasons for the breakdown of negotiations, so that the obstacles preventing agreement could be eliminated. If the consuming countries, and particularly the United States, really wanted commodity agreements to be concluded, it was inexplicable that those obstacles still remained, since cocoa was the commodity which presented the fewest difficulties. Representatives of some consuming countries might not have received adequate instructions from their Governments and it might therefore be useful if they

^{1/} The complete text of the statement made by the Secretary-General of UNCTAD was subsequently circulated as document A/C.2/L.937.

were to be represented at a higher political level in continued negotiations.

Mr. Boiko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

19. Mr. ISSAKA (Togo) said that the important statement by the Secretary-General of UNCTAD placed the responsibility for the breakdown of the negotiations squarely on the consuming countries, and in particular on the United States—the same delegation which had previously insisted on certain amendments to tone down the original draft resolution on the United Nations Cocoa Conference. As long as there was no agreement on price levels, there could of course be no question of reconvening the Cocoa Conference: the producing countries would draw the necessary conclusions, and act accordingly. He therefore appealed to the United States delegation to give up the obstructive attitude which had prevented agreement on a fair price level.

20. Mr. PIÑERA (Chile) said that a cocoa agreement should not be very difficult to achieve: the major producers and consumers were few in number, and there was no competition between developed and developing countries. Yet, despite the very small difference between the floor prices proposed by the producing and consuming countries, agreement had still not been reached. Although higher wages and more costly advertising had led to higher chocolate prices in the consuming countries, the price of the cocoa from which that chocolate was made remained low. Nevertheless, the price of cocoa had fallen below twenty cents per pound only once and it should not be difficult to reach agreement on a fair level. New methods of conciliation should therefore be explored and the reasons for the failure of the negotiations identified and removed, so that an agreement could be concluded by the time the second session of UNCTAD was convened. If no solution was found to the relatively simple problem of cocoa, it would be extremely difficult to conclude other commodity agreements.

21. Mr. BELEOKEN (Cameroon) said his delegation did not wish to speak on the substance of the question since it would probably do so in the plenary session of the General Assembly. In spite of all the promises made by the United States in the General Assembly and the Economic and Social Council, the failure of the recent consultations was entirely due to that country's attitude. The draft resolution on an international agreement on cocoa which the Committee had adopted was now out of date and he therefore proposed that the statement made by the Secretary-General of UNCTAD should be attached to the Committee's report on item 37.

22. The CHAIRMAN said it might be better to discuss that proposal when the Committee had the draft report on item 37 before it.

23. Mr. ROOSEVELT (United States of America) agreed with the representative of Ghana that the written text of Mr. Prebisch's statement would be very helpful in preparing for the future negotiations. Everyone was disappointed that the consultations on cocoa had yielded no immediate result, but he hoped the Committee would understand the political and technical factors involved. It would be useless for the

United States to agree in the Conference on the text of a draft agreement if it could not be ratified with the advice and consent of the Senate.

24. He hoped that, as a result of the recent discussions and of the statement by Mr. Prebisch, the groundwork had been laid for further efforts, in spite of all the difficulties involved. In the past, the efforts to reach an agreement might not have been continuous enough. For example, much had been done to reach an understanding among the producers but perhaps not enough had been done to reach agreement among the consumers. As he had pointed out before, it was certainly recognized in the highest circles of the United States Government that the problem must be solved. He would ensure that the statement of the Secretary-General of UNCTAD would reach the proper quarters.

25. Mr. OLUMIDE (Nigeria) said that Mr. Prebisch's statement was an impartial analysis of the consultations and would help the Committee to realize exactly why they had failed. It seemed that the United States had allowed its representative in the Second Committee to make optimistic statements about the possibility of a cocoa agreement while giving rigid instructions on the question of prices to its representatives in the cocoa consultations. The goodwill expressed by the United States had not been translated into action.

26. The Nigerian delegation had already stressed that prices were the crux of the problem. If agreement had been possible on prices, agreement on other points would have followed. Unfortunately, the example of the Federal Republic of Germany, which had accepted the price range of 19 to 21 cents per pound had not been followed by the United States.

27. He agreed with the representative of Cameroon that the text of Mr. Prebisch's statement should be annexed to the Committee's report and that, as draft resolution A/C.2/L.909/Rev.1 was now out of date, the matter should be reopened in the General Assembly.

28. Mr. LORENZO FERNANDEZ (Brazil) stressed that, if Mr. Prebisch were not an international civil servant, his words might have been even more forceful. His delegation was deeply disappointed at the failure of the negotiations. It would have been so easy to reach an agreement but a golden opportunity had been lost. It was amazing to think that the consuming countries, whose combined gross national product amounted to \$1,000,000 million, refused to pay an extra 1 cent per pound for cocoa. He hoped that reason might still prevail among the consumers and that in future negotiations they would adopt a policy more in keeping with their expressions of goodwill and with their level of international responsibility. He also hoped that action on a higher political level would lead to a more constructive attitude among the consumers and that success in the cocoa negotiations would eventually be achieved.

Mr. Tell (Jordan) resumed the Chair.

29. Mr. VIAUD (France) said his delegation had been disagreeably surprised at the failure of the recent consultations. During those negotiations the French representative had accepted both price ranges proposed by the producers. Now that the talks had

failed, his delegation agreed that the matter should be given further thought and raised again in the General Assembly. France had always considered that the question of prices was absolutely vital. He hoped that the main consumers would suit their action to their words and show sufficient political willingness to compromise on the matter. He agreed that Mr. Prebisch's statement should be attached to the Committee's report and hoped that Mr. Prebisch would continue his efforts to convene a preparatory committee for another cocoa conference.

AGENDA ITEM 39

United Nations Development Decade: report of the Secretary-General (continued) (A/6303, chap. II; A/6426, E/4196 and Add.1-3, A/C.2/L.931 and Corr.1 and Add.1)

30. Mr. LUBBERS (Netherlands) said the sponsors of draft resolution A/C.2/L.931 and Corr.1 and Add.1 had accepted the proposal made by the representative of Morocco at the previous meeting to insert, in operative paragraph 1 after the words "United Nations Industrial Development Organization", the words "the regional economic commissions and the United Nations Economic and Social Office in Beirut". With the inclusion of that amendment, Morocco had become a sponsor of the draft resolution.

31. Mr. ELOVAINIO (Finland) stressed that the United Nations Development Decade had not yielded the results expected of it. With their increasing populations and external debts, the developing countries were finding it more and more difficult to achieve the growth rates set for the Decade. It was therefore desirable for the General Assembly to take note of that unsatisfactory situation so that a more realistic approach might be adopted in the future. The Development Decade had been a first attempt to set quantitative world-wide targets for development which had made it possible to focus attention on the main problems of development policy. The United Nations must take a longer view of development and consider more carefully the problems involved in economic take-off and growth. During the Development Decade good results had been achieved in some developing countries but in most cases they had already established a firm economic infra-structure. The disappointment felt by the less developed countries at the results of the Development Decade should lead to increased determination to study the intricate problems of development, particularly the differences in the various types of economy and the effect of demographic

factors, so that a more realistic policy could be evolved during the next decade.

32. Mr. NEDIVI (Israel) welcomed the draft resolution and agreed with the Netherlands representative that preparations for proclaiming a charter of development need not prejudice the acceptance of the principles formulated in the Final Act of UNCTAD.^{2/} A systematic survey of the principles for action in the field of development might well, as stated in the preamble in the draft resolution before the Committee, enhance international co-operation. However, neither a charter of development nor a restatement of objectives were likely to alter the fact that the basic requirement was a change of heart in the developed countries.

33. His delegation agreed with the representative of Ghana (1067th meeting) that the work of the Committee should be reorganized so that in the future it discussed only a few basic issues. One such issue should be an analysis of the comparative failure of the United Nations Development Decade. Since there was little time for such an analysis at the present session and since no urgency was expressed in operative paragraph 4 of Economic and Social Council resolution 1152 (XLI), he suggested that the sponsors should add an operative paragraph recommending that the General Assembly should hold a full-scale debate on the subject at the twenty-second session. By that time, the Assembly would have before it the Secretary-General's report to be submitted to the Council at its forty-third session and the survey requested in the draft resolution.

34. He also proposed that, in the third preambular paragraph, the word "development" should be deleted before the word "decade" and that the wording of the rest of the paragraph should be clarified. It seemed somewhat contradictory to speak of a second development decade and of "longer-term and increased efforts". The first United Nations Development Decade had unduly raised the hopes of the developing countries and had thereby added to political instability. That mistake should be avoided in proclaiming a second development decade. The time had come to define the immediate short-term objectives and also the long-range objectives of international co-operation in the field of development.

The meeting rose at 1 p.m.

^{2/} See Proceedings of the United Nations Conference on Trade and Development, vol. I: Final Act and Report (United Nations publication, Sales No.: 64.II.B.11).

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1097th
MEETING

Friday, 9 December 1966,
at 3.45 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 39

United Nations Development Decade: report of the Secretary-General (continued) (A/6303, chap. II; A/6426, E/4196 and Add.1-3, A/C.2/L.931 and Corr.1 and Add.1)

1. Mr. VILFAN (Yugoslavia) said that his delegation had from the start unreservedly supported the designation of the United Nations Development Decade; he believed that experience would show that the General Assembly had made a wise decision on that matter. Although the results so far achieved were disappointing, the designation of the Decade had marked a turning-point in the activities of United Nations bodies and their methods of work. The concept of the Decade provided a solid foundation for evaluating international development activities; the Decade formed a very appropriate framework for channelling assistance to essential sectors; and lastly, the efforts made to achieve the targets set for the Decade had increased the effectiveness of United Nations economic and social action and encouraged the adoption of wise decisions on the role of the Economic and Social Council and the co-ordination of activities in those respects. The influence of the Decade was described in paragraph 23 of the report of the Economic and Social Council (A/6303), which summarized the interim report of the Secretary-General (E/4196 and Add.1-3). That report could play an important part in encouraging the search for new action programmes and the development of projections for future United Nations activities. The quantitative targets set at the beginning of the Decade had become obsolete and more detailed projections would have to be drawn up to enable a coherent set of aims and objectives to be adopted.

2. Resolution 1152 (XLI), in which the the Economic and Social Council requested the Secretary-General to consider planning for concerted action for the period after the Decade, was the first step in the right

direction and his delegation unreservedly supported it. The report which the Council had invited the Secretary-General to make was, of course, a preliminary one, but it should contain material which would enable precise aims to be defined. That was necessarily a complicated matter but United Nations development activities could be intensified only if an effort was made to lay down specific objectives.

3. His delegation therefore believed that the General Assembly should adopt a resolution to that effect; it was not, however, convinced of the usefulness of proposing the preparation of a charter of development. In its opinion, the principles enunciated at the first session of the United Nations Conference on Trade and Development (UNCTAD) expressed the concepts on which the majority of developing countries wished international development policy to be based, and the pursuit of the aims of the first Decade and of the succeeding one should lead to the gradual application of those principles. In order to ensure the success of the current Decade and the following one, the Committee should concentrate on trying to define specific targets and it should request the Secretary-General to pay particular attention, in preparing the report requested in Council resolution 1152 (XLI), to a concise and systematic survey of the objectives to be set for the period following the Decade.

4. Nevertheless, his delegation, despite its belief that the survey which draft resolution A/C.2/L.931 requested the Secretary-General to make was premature, would not oppose the adoption of the draft resolution. It would, however, be gratified if the sponsors would consider amending the text slightly so as to ensure that its provisions would not hinder the continuing efforts to secure general agreement on the principles laid down by the first session of UNCTAD.

5. Mr. BRADLEY (Argentina) said that his delegation had consistently supported the idea of the Decade and all action likely to promote development; during the twentieth session it had been, with other Latin American delegations, among the sponsors of General Assembly resolution 2084 (XX) which sought to improve co-ordination with a view to development planning and the achievement of the objectives of the Decade; again during the twentieth session and subsequently at the third session of the Trade and Development Board, it had suggested the preparation of a charter for trade, a project for which it had not yet been able to secure approval but which it had not abandoned; moreover, it had been at Argentina's instance that the General Assembly had adopted resolution 2035 (XX), in which it referred to the preparation of a declaration on social development.

6. His delegation therefore fully agreed with both aspects of the draft resolution before the Committee; it fully supported it and hoped that the sponsors would be able to take into account the constructive amendments proposed or suggested.

7. Mr. KILLION (United States of America) observed that the discussions had been predominantly concerned with financial questions, despite the fact that resolution 1710 (XVI), in which the General Assembly had designated the United Nations Development Decade, went considerably beyond the matter of the flow of financial resources. Although less susceptible to precise measurement, achievements in other areas deserved to be taken into consideration. The enlargement of the membership of the Economic and Social Council and the Governing Council of the United Nations Development Programme (UNDP) had enabled needs to be better known and the idea of collective international responsibility to become more widely accepted. The United Nations Development Programme was, since the merger of the Special Fund and the Expanded Programme of Technical Assistance, a more effective weapon against hunger, poverty and disease. The developed countries were showing an increasing awareness of the gravity of the problems confronting the developing countries and that attitude was discernible in the work of the International Bank for Reconstruction and Development. In 1966, the United States had welcomed 85,000 foreign students, and some universities, among them the University of California, provided courses in other languages for non-English-speaking students from developing countries. While much remained to be done, much had already been done.

8. The world had learned a great deal about the connexion between the population problem and food supply, since food consumption had exceeded production for the previous six years. The United States was gratified that both countries which supplied aid and recipient countries were moving towards more aggressive policies and programmes which could help to restore the balance and eliminate the scourge of famine. Moreover, in addition to the measures it had taken to encourage all States to contribute to the World Food Programme to an extent which would enable it to secure \$275 million for 1966-1968, the United States Government had recently launched a new Food for Peace programme under a bill which authorized the donation or sale—on non-commercial credit terms—of \$2,500 million in food-stuffs during the following two years; it was to be hoped that the proceeds of the new programme would be utilized in the execution of food aid programmes in the recipient countries. Other Member States had demonstrated, by their actions, their desire to solve that fundamental problem, and it might be well for the international community to concentrate its efforts in the immediate future on the fulfilment of a small number of objectives in order to solve priority problems.

9. For that reason his delegation would prefer the Committee to attack the specific tangible problems on which world progress depended, rather than to devote its energies to the abstract problem of the preparation of a charter of development, which would

probably raise the same difficulties as the drafting of instruments of the same kind which had already been considered by international bodies; moreover, the decision to create a new development decade was a serious one and warranted more consideration than the mere reference made to it in the third preambular paragraph of the draft resolution.

10. His delegation did not, however, mean to understate the importance of the problem of the volume and utilization of financial resources; it had spoken at length on them in connexion with question on the United Nations capital development fund and had stressed the role of both public and private investment. If the targets set for UNDP, the World Food Programme, the International Development Association and other bodies were reached, and progress in the formulation and administration of programmes continued, the cause of balanced and rational advance would have been served. Much of the distance separating the world from that goal had been covered and his delegation did not share the pessimism of some members of the Committee. Progress towards a better future would continue if all nations showed themselves able to deal with the problems confronting them.

AGENDA ITEM 41

Activities in the field of industrial development (continued)*:

(b) Report of the Ad Hoc Committee on the United Nations Organization for Industrial Development (continued)** (A/6368 and Add.1, A/6369 and Add.1 and 2, A/6415 and Add.1, A/6468 and Add.1, A/6473 and Add.1, A/6474 and Add.1, A/6489, A/6504, A/6531 and Add.1, A/C.2/232, A/C.2/L.935)

11. Mr. AHMED (Pakistan) observed that the United Nations Industrial Development Organization (UNIDO) could not begin its work properly without an Executive Director and a headquarters. The first requirement had been met and his delegation welcomed the appointment of the Commissioner for Industrial Development to the post of Executive Director. The second matter should be decided by the General Assembly rather than by the Industrial Development Board, because all developing countries, which were primarily interested in UNIDO, could thus participate in the decision. Unless the decision was taken at the twenty-first session, UNIDO might remain for one year a mere industrial development centre with a different name, and the urgency of the problems to be solved required that the new organization should be able effectively to play the part it should as soon as possible. The Committee had received a number of generous offers from Governments which were ready to be host to UNIDO, and the United States and Swiss Governments had expressed their interest in it. The Committee would soon be informed of the financial implications of the various offers, which the Secretary-General was preparing, and it should therefore be able to reach a decision.

12. Mr. MacLAREN (Canada) said that, in spite of the reasons advanced by the Pakistan representative,

*Resumed from the 1089th meeting.

**Resumed from the 1067th meeting.

his delegation remained convinced that it would be better to ask the first session of the Industrial Development Board to consider the question of the site of the new organization, in the light of the information gathered in the meantime by the Secretary-General, and to make recommendations to the General Assembly at its next session for final decision. In deciding on the site, the only concern should be what was best for the organization itself, in order to enable it to assist the developing countries in the most effective way possible. If the question of selecting the site was hastily settled in an atmosphere of political considerations without an objective review of all relevant factors, the fledgling organization would not have a very auspicious beginning and the administrative and technical problems inherent in constituting any new international organization would only be compounded. An institution intended in part to promote the careful planning which was an essential component of industrial development should not be launched without the accumulation of the facts necessary for decision or their proper assessment.

13. In his introduction to the budget estimates for 1967,^{1/} the Secretary-General had made some cogent observations, which he read out, on the administrative and technical problems involved in setting up a new international organization. In that connexion, the Canadian delegation wished to ask some questions. It would like to have a full statement of the financial implications of establishing UNIDO at a site other than United Nations Headquarters. It also wished to know, in the case of each site offered, the dates when all the necessary temporary or permanent facilities would be available. Perhaps the Secretary-General could give his views on whether it would be easier to establish an efficient group of expert personnel at United Nations Headquarters than at the other sites offered, because the question of recruiting skilled personnel was relevant. The new organization should be action-oriented and establish close relations with the World Bank group and UNDP, so that presumably if its headquarters were to be somewhere other than at United Nations Headquarters, a liaison office would be required in New York and its financial and administrative implications should be made known. Finally, in the light of the Secretary-General's comments, what would be the operational and possibly financial advantages of setting up UNIDO at United Nations Headquarters so that it could draw on central administrative and financial services?

14. The choice of the site also depended on many other questions to which answers should be forthcoming by the first session of the Industrial Development Board, which would then be able to address itself to the matter. For those reasons, his delegation proposed that the Committee should refer further consideration of the subject of the site of UNIDO's headquarters to the first session of the Industrial Development Board for study and recommendation to the General Assembly at its twenty-second session.

15. Mr. SAHLOUL (Sudan) agreed with the Pakistan representative that the Assembly should choose the site for UNIDO at its current session. The decision

should be taken not by the Industrial Development Board but by the General Assembly, of which UNIDO was a subsidiary organ, and in which all Members were represented. To postpone the decision to the next session would delay by more than a year the beginning of the new organization's actual operations, from which the developing countries were anxious to benefit. The additional information very quickly provided by the Governments which had generously offered to be host to UNIDO showed that some of them were prepared to provide the necessary facilities immediately and, in some cases, free of charge. In addition, the Committee would soon have the statement of the financial implications prepared by the Secretary-General which, incidentally, were more a matter of concern to the Fifth Committee.

16. His delegation therefore proposed that the Committee should vote on the matter at the current session by secret ballot according to a procedure that it would itself decide upon. He personally felt that the decision should be taken by an absolute majority.

17. Mr. CAMAZ DE MAGALHAES (Brazil) wholeheartedly agreed with the Pakistan and Sudanese representatives. While appreciating the Canadian delegation's concern, he felt that each delegation had probably already decided on its own position, which could not be changed by any postponement. Postponement would only result in delaying UNIDO's operations.

18. Mr. WALDRON-RAMSEY (United Republic of Tanzania) said that he would limit himself to some preliminary comments on the important item under discussion. The first requirement was to know whether the Committee should take a decision on the matter at the current session and, if so, to determine the voting procedure and select the city in which UNIDO's headquarters was to be established.

19. He expressed his gratitude to all the Governments which had generously offered to be host to the new organization. It was also to be hoped that those Governments intended to finance the installation of the headquarters in one way or another. Recalling the bitter experience of choosing the site for UNCTAD's headquarters, he trusted that such painful debates would not be repeated in the Second Committee and that the discussion would be free from politics. It was, however, obvious that, if it was decided to set up UNIDO's headquarters at a site other than at United Nations Headquarters, it would be necessary to take a political decision on whether its headquarters should be established in a developed or in a developing country and in which continent. Without indicating its preference and limiting itself to a discussion of principles, his delegation wished to avoid a political discussion in which its choice would be strictly limited, but for the moment it could detect no political element in the discussion so far. In making a choice, the primary consideration should be the smooth operation and development of UNIDO, the efficiency of its secretariat and the welfare of its staff. Its headquarters must also be easily accessible to all participating Governments, and the Industrial Development Board should be able to meet regularly without difficulty and to have all necessary facilities at its disposal. Lastly, the comfort of the delegations

^{1/} See Official Records of the General Assembly, Twenty-first Session, Supplement No. 5.

participating in the work of UNIDO and its Board must also be taken into account. In view of those considerations, his delegation, like those of the Sudan and Brazil, would prefer a decision to be taken at the current session, because it would not be in UNIDO's interest to refer to the Industrial Development Board a decision, which would then have to be endorsed by the General Assembly at its twenty-second session. His delegation had maintained that position since the start of the session.

20. Without fully concurring in the Canadian delegation's position, he thought that the important points raised by that delegation should be taken into account, especially that referring to the cost of establishing UNIDO's secretariat elsewhere than at United Nations Headquarters. In that connexion it was essential to make a comparative cost analysis before arriving at a conclusion.

21. So far as the procedure for voting on the choice of the headquarters site was concerned, he favoured a decision by the absolute majority of States Members of the United Nations, in other words, sixty-one votes plus one. Some representatives were in favour of a majority of those present and voting. The result would be virtually the same because, given the importance of the matter, there were grounds for believing that all the Members would be present during the vote, although the possibility must be kept in mind that some delegations might be absent or might not wish to participate in the vote.

22. In any case, the delegation of Tanzania hoped that the debate would show a division not between the developed countries and the developing countries but between the countries which favoured the new organization, and its concepts and objectives and which gave it tangible support, and those which gave it only lip-service. In the case of UNCTAD, the distressing debate on the location of its headquarters not only had opposed the developed countries to the developing countries but also had split both the developed and the developing countries.

23. In short, he suggested that the Committee should take a decision at the present session, carefully studying some of the questions raised by the Canadian delegation, and taking into account the criteria he had suggested. Of course, other criteria could be put forward, but the main thing was that objectivity should govern the choice of the headquarters rather than political considerations. Moreover, in the interests of UNIDO, the Committee should not let itself be drawn into a bitter debate.

24. Mr. FERNANDINI (Peru) announced that the Government of Peru had informed the Secretary-General that it was withdrawing the candidature of Lima as the headquarters of UNIDO (A/6415/Add.1). It would be best for the organization if the number of candidates was as small as possible.

25. U THET TUN (Burma) said that he had been requested by the thirty-member co-ordination group to consult the Asian countries. It was the unanimous desire of the Asian countries that the question of the new organization's headquarters should be settled at the present session through a vote by secret ballot. In the opinion of the Burmese delegation, the decision

on that question should be taken in the light of such elements as working atmosphere, geographical conditions and physical facilities. The choice should not be made by a body which did not include all of the States Members of the new organization. Some representatives had argued against a so-called hasty decision. However, the Committee had already succeeded during its consideration of the report of the *Ad Hoc* Committee on UNIDO in quickly settling the jurisdictional conflict between the new organization and the ILO, and it was in a position to deal with the headquarters question before the end of the present session.

26. Mr. DELGADO (Senegal) felt that the election of the Industrial Development Board and a decision on UNIDO's headquarters were indispensable for the success of the new organization. The Executive Director had just been appointed by the Secretary-General, so that the headquarters question had become more pressing than ever.

27. He thanked the representatives of India and Peru for having facilitated the Committee's task by withdrawing as candidates. However, the fact that there were still eight candidates, all of whom were friends of Senegal, made the choice a delicate problem. It was nevertheless the duty of each delegation to shoulder its responsibility. The Senegalese delegation had taken note with interest of the technical information in the Secretariat documents concerning the facilities offered by the various countries. Without forgetting that the choice of a headquarters site would be a political decision, his delegation would, in determining its position, take into account all relevant factors, including geographical and economic conditions, facilities and cost of living. The decision on the headquarters should be made at the current session, by secret ballot and by a simple majority of those voting. If several votes should prove necessary, it would be best to eliminate one or more of the candidates who had received the smallest number of votes.

Mr. Reisch (Austria), Rapporteur, took the Chair.

28. Mr. FRANZI (Italy) said that the previous speakers had only worsened the dilemma of his delegation. A decision on the location of UNIDO's headquarters would most probably have very significant consequences for the organization. It had taken years to settle the problems raised by UNIDO's creation and now some delegations would like to dispose of so important a question as that of its headquarters in a matter of hours. While the question did have its political aspects, those were not by any means the only consideration. The Committee must not ignore the opinion of those bodies that would have to work closely with the Executive Director of UNIDO. Industrial development was a tremendous task and it could not be properly handled without the co-operation of the United Nations and the specialized agencies, which were interested organizations. There was no justification for haste, especially as only one meeting of the Industrial Development Board and two meetings of its subsidiary bodies had been scheduled for 1967. Consequently, there was no administrative urgency since the meetings could be held without the Committee's having decided the question of headquarters. In view of the highly technical nature of that question,

its final decision should not depend on sentimental considerations.

29. The documentation provided by the various candidate countries failed to explain why they had put themselves forward. What was more, the Committee had not studied the question whether UNIDO should have its headquarters in an industrialized country or in a developing country. Moreover, in spite of the stress that was laid on the problem of co-ordination, the advisability of establishing UNIDO near the Headquarters of the United Nations had not been examined. It was surprising in that connexion that the Fifth Committee had not been in a position to suggest whether or not free offers of land should be accepted. That would make it all the more difficult for the Second Committee to make a choice among the offers, whose possible consequences for the future of UNIDO would be difficult to exaggerate. His delegation's doubts had been increased by the unexplained withdrawal of some candidatures, particularly that of Peru. Under the circumstances, it would be advisable to postpone a decision on the location of the headquarters to the General Assembly's special session in April 1967.

30. Mr. LOUYA (Democratic Republic of the Congo) expressed the view that the effectiveness of UNIDO would depend not only on the professional and intellectual qualities of its staff but also on the location of its headquarters. The choice of a headquarters should be dictated by practical rather than theoretical considerations. There was no reason why a decision could not be taken at the present session. The Executive Director of UNIDO, whose opinion it would be interesting to hear, had been appointed and the information requested by the Secretariat had been supplied by the candidate countries.

Mr. Tell (Jordan) resumed the Chair.

31. Mr. BRADLEY (Argentina) pointed out that the Committee had begun its work with the question of industrial development and that for some time now it had had before it offers from Governments that were prepared to accommodate UNIDO. Now that the new organization had an Executive Director, it was time to decide on the location of its headquarters and, in his view, no new factor that could affect that choice was now likely to appear.

32. The confusion in which the Committee seemed to find itself was due, he thought, to the fact that it had failed to draw a necessary distinction between deciding whether the choice of a headquarters should or should not be made at the present session and actually making that choice. As to the first decision, it was hardly possible that any new arguments could be forthcoming in addition to those which had already been so clearly presented.

33. The Argentine delegation therefore suggested that the Committee should first decide on the prior question. If it decided to choose the location of the headquarters at the present session, it would then determine the method of voting and proceed to the vote as soon as it received the Secretary-General's statement on financial implications, which was the only element still lacking.

34. Mr. LOBANOV (Union of Soviet Socialist Republics) felt that in spite of the complexity of the problem, whose importance and political significance were obvious to everyone, a decision on the location of the headquarters could be taken at the present session. The data relating to the problem were known and had been studied at length. The choice of UNIDO's headquarters should be determined by the relative advantages offered by the various candidates. The representative of Burma had mentioned the elements that should enter into the Committee's decision, and the Committee should now scrutinize each candidature. It had the necessary documentation at its disposal and it could take a decision by 13 or 14 December. As to the question of voting, that was purely a technical matter and the most reasonable solution would appear to be a decision by a simple majority in a vote by secret ballot.

35. Mr. BELEOKEN (Cameroon) said that his delegation was ready to vote on the site of UNIDO's headquarters at the present session. Its vote would not, however, be based on sentimental considerations but on purely objective criteria. He agreed with the Senegalese representative's suggestions concerning procedure.

36. Mr. GALLARDO MORENO (Mexico) expressed his delegation's thanks to the Governments which had offered to act as host to UNIDO. He agreed with the representative of Argentina that all the relevant arguments had been presented as to when the choice should be made. On the other hand, he thought that the financial implications were not the only element lacking and that, at its first session, the Industrial Development Board might consider other aspects of the question which would facilitate the decision.

37. Mr. NATORF (Poland) supported the proposal that the site of UNIDO's headquarters should be decided on at the present session. There could be no compromise regarding that proposal, and the question had been subjected during the past few weeks to sufficiently careful study on the part of the host countries and the Secretariat for the Committee to be able to take a considered decision. All the delegations had asked themselves the questions which had been raised by the Italian representative and, with a few exceptions, had apparently found satisfactory answers. His delegation was in favour of a vote by secret ballot.

38. Mr. VIAUD (France) thought that the site of UNIDO's headquarters should be chosen at the present session. With regard to the voting procedure, the Committee should follow as closely as possible the customary rules and practices of the United Nations in such cases. There was nothing against a vote by secret ballot. On the other hand, there were no legal or practical grounds for a vote by an absolute majority of all Members. The rules of procedure provided that decisions should be taken by a simple majority of the members present and voting. The rule of absolute majority only applied in the election of judges to the International Court of Justice. The imposition of such a rigid rule would restrict the freedom of choice of delegations, which might wish to hand in a blank ballot or not participate in the vote. Failing a majority, the decision would be deferred

until 1967 and the establishment of UNIDO delayed by a year.

39. Mr. MUZIK (Czechoslovakia) associated himself with the comments of the Pakistan representative. His delegation was in favour of the secret ballot and the elimination process proposed by the Senegalese representative. A political decision was to be taken, and UNIDO should operate in a favourable political climate. In choosing the site of its headquarters before the close of the present session, the Committee would not be showing undue haste, and his delegation, for one, was prepared to take a considered decision.

40. Mr. ROOSEVELT (United States of America) asked whether the Secretariat was able to answer the questions put by the Canadian representative, or at least whether it would be able to do so before the Committee proceeded to vote. In its communication on the location of UNIDO's headquarters (A/6548), his delegation had raised some of the same questions as had been asked by the representatives of Canada and Mexico. The opposition to referring the decision to the first session of the Industrial Development Board was partly due to the fear of thereby delaying any decision for a year, which many delegations considered excessive. However, the first session of the Board was scheduled for March-April 1967; and in April there would be a special session of the General Assembly. The Committee could quite well request that the question of the site of UNIDO's headquarters should also be included in the agenda. That would mean a delay of only four months, which would allow time for an unhurried consideration of the proposed sites, the particulars of which had been brought to the Committee's attention only a few days earlier.

41. Moreover, he was under the impression that the Canadian representative had made a formal proposal, which must consequently be discussed and voted on first. If such was the case, his delegation would propose to modify the proposal submitted by Canada by adding that the Trade and Development Board submit its recommendation to the next session, special or regular, of the General Assembly.

42. With regard to the proposal that the decision should be taken by absolute majority, the Committee, contrary to the view advanced by the French representative, was perfectly justified in establishing its own rules of procedure and deciding the type of majority required. Since voting by secret ballot was not a normal procedure of the Committee, it would have to spell out the consequences of its decision so to vote.

43. The CHAIRMAN asked the representative of Canada whether or not he had made a formal proposal.

44. Mr. MacLAREN (Canada) said that he had not intended to ask for a vote on the question whether or not the Committee should decide immediately on the site of UNIDO's headquarters. He had hoped that a consensus would be reached on the matter, as the Committee did not have before it all the necessary data for taking such a decision. If the majority wished to proceed to the vote without those data, it had the right to do so, but his delegation disapproved of such a procedure. The suggestion that a decision should be

taken at the present session of the General Assembly had been made by the representative of Pakistan, who should be asked whether or not he pressed his proposal.

45. The CHAIRMAN remarked that the representative of Canada had apparently not made a formal proposal. Delegations which wanted the Committee to take an immediate decision would no doubt make their wishes known.

46. Mr. ROOSEVELT (United States of America) read out the following passage from the printed text of the Canadian representative's statement: "We should like to propose formally that the Committee vote on the question of whether to remit ...". At all events, his delegation was prepared to support any consensus which might be reached in the Committee.

47. Mr. HUSSEIN (United Arab Republic) thought that, as all the viewpoints had been freely expressed, the time had come for the Committee to take a decision. He therefore formally proposed that the Committee should vote by roll-call on the question whether the decision regarding the site of UNIDO's headquarters should be taken at the present session of the General Assembly or not.

48. The CHAIRMAN pointed out that, under the rules of procedure, the Committee should proceed to vote on that formal proposal. However, he intended first to give the floor to all the speakers on his list.

49. Mr. DELGADO (Senegal), speaking on a point of order, said that he would like to add to the proposal of the delegation of the United Arab Republic, a proposal for the closure of the debate.

50. Mr. CARANICAS (Greece) said that he had originally thought that the Committee should take a decision at the current session, but after having heard the discussion, he was now prepared to consider any proposal. In fact, the crux of the matter was whether the Committee wished to take a political decision, which could be done immediately, or whether it wished to take into account the technical factors also, in which case it would need time to study the data and figures relating to each offer.

51. Most of the delegations had certainly not had time to compare the figures and arguments relating to the various offers. The purpose of asking the Secretary-General to make inquiries of the Governments which had made the offers was so that the Committee could compare the data they supplied and even perhaps send experts to the various sites to consider the offers at first hand. Some countries had stated that they would not be able to underwrite the expenses of UNIDO's secretariat building, a factor which could not be disregarded. The Committee could perhaps also discuss whether the headquarters should be established in a developed country or in a developing country. But if what was involved was a political decision, there was little point in asking the countries which had made offers for precise technical details. The decision must be based, at least partly, on technical grounds.

52. On the question of procedure, he was in favour of secret ballot, but he did not have any definite opinion on the type of majority required. Account would have

to be taken of various other possibilities, such as the consideration of a third candidacy in case the two more popular candidacies received an equal number of votes. The Committee must also have a clear idea of the financial implications, which should be presented, if possible, in a way which would facilitate comparison. In view of the present financial situation of the United Nations, it would be interesting to know who would pay for the permanent installations of UNIDO.

53. Mr. VARELA (Panama), speaking on a point of order, formally moved the adjournment of the meeting. The discussion had turned into political channels. If a political decision had to be taken, delegations should vote for the policy most favourable to UNIDO, not to one or another country. In the absence of any precise information on the financial implications, the Committee could take no decision.

54. The CHAIRMAN put to the vote the Panamanian representative's motion for adjournment.

The motion for adjournment was rejected by 38 votes to 28, with 15 abstentions.

55. Mr. PIÑERA (Chile) asked whether the Committee could take an immediate vote on the question whether the decision on UNIDO headquarters should be taken at the Assembly's current session or not.

56. The CHAIRMAN said that the delegation of the United Arab Republic had made a proposal to that effect, which would be put to the vote as soon as the list of speakers had been exhausted.

57. Mr. KARMARKAR (India) said it had always been his view that UNIDO headquarters should be located in a developing country, and it was for that reason that India had proposed New Delhi. At the time of doing so, however, it had not had a complete picture of all the other offers made. When it had obtained that information, India had withdrawn its candidature (A/6368/Add.1) in favour of Kenya's, for reasons of Afro-Asian solidarity. But that did not mean that India had no interest in the development of the new organization; on the contrary, its enthusiasm had in no way diminished. The Committee should take a decision on the location of UNIDO headquarters by secret ballot at the present session.

58. Mr. MacLAREN (Canada) said his delegation was convinced that the Committee could not possibly take a sound decision on the location of UNIDO headquarters without having all the necessary information; and it would certainly be unable to obtain that information in the course of the next week. To take a decision when the Committee was not even in possession of objective information and no attempt had even been made to reply to the questions raised by the Canadian and Italian delegations would be extraordinary.

59. The CHAIRMAN put to the vote the United Arab Republic representative's proposal that the Committee

should take a vote on the question whether the decision on the location of UNIDO headquarters should be taken at the Assembly's present session.

At the request of the representative of the United Arab Republic, a vote was taken by roll-call.

The Congo (Brazzaville), having been drawn by lot by the Chairman, was called upon to vote first.

In favour: Congo (Democratic Republic of), Cuba, Cyprus, Czechoslovakia, Dahomey, Dominican Republic, Ethiopia, France, Gabon, Ghana, Guinea, Hungary, India, Indonesia, Iraq, Israel, Jordan, Kenya, Kuwait, Lebanon, Lesotho, Liberia, Libya, Luxembourg, Malaysia, Mongolia, Morocco, Netherlands, Nigeria, Pakistan, Peru, Poland, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Spain, Sudan, Syria, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, Venezuela, Yugoslavia, Algeria, Argentina, Austria, Belgium, Bolivia, Brazil, Bulgaria, Byelorussian Soviet Socialist Republic, Cameroon, Central African Republic, Chad, Chile, China, Colombia.

Against: Denmark, Finland, Ireland, Italy, Philippines, South Africa, United Kingdom of Great Britain and Northern Ireland, United States of America, Australia, Canada.

Abstaining: Greece, Honduras, Japan, Mexico, New Zealand, Norway, Panama, Paraguay, Portugal, Sweden, Thailand.

The proposal was adopted by 64 votes to 10, with 11 abstentions.

60. Mr. MUZIK (Czechoslovakia) observed that the Committee's task was precisely to take political decisions, since delegations were responsible for defending the political interests of their Governments. Moreover, the countries which had offered to act as hosts to UNIDO headquarters had also done so for reasons of prestige and politics. To be sure it was also necessary, as the Greek representative had pointed out, to take account of other important considerations, including technical factors, and to come to a decision on the basis of precise information. He hoped that the figures would be available before the Committee took its decision, and wished to express his appreciation of Greece's generous offer (A/6473 and Add.1).

61. Mr. CARANICAS (Greece) thanked the Czechoslovak representative.

62. Mr. WILMOT (Ghana) asked whether, in view of the decision just taken, the vote on the site of UNIDO headquarters would be taken in the Second Committee or in plenary session of the General Assembly.

63. The CHAIRMAN said that the vote would be taken in the Second Committee.

The meeting rose at 7.10 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1098th
MEETING

Monday, 12 December 1966,
at 3.20 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 38

Establishment of a United Nations capital development fund: report of the Committee on a United Nations Capital Development Fund (concluded)

ADOPTION OF THE DRAFT REPORT OF THE COMMITTEE (A/C.2/L.922)

1. Mr. REISCH (Austria), Rapporteur, introduced the draft report on item 38.

The draft report (A/C.2/L.922) was adopted.

AGENDA ITEM 48

United Nations Institute for Training and Research: report of the Executive Director of the Institute (concluded)

ADOPTION OF THE DRAFT REPORT OF THE COMMITTEE (A/C.2/L.939)

2. Mr. REISCH (Austria), Rapporteur, introduced the draft report on item 48.

The draft report (A/C.2/L.939) was adopted.

AGENDA ITEM 46

Population growth and economic development (A/6303, chap. X, sect. II; A/6462, A/6466 and Corr.1, A/C.2/L.936)

3. Mr. DE SEYNES (Under-Secretary for Economic and Social Affairs) said that the General Assembly had not yet tackled the problem of population growth with all the vigour that such an important subject deserved. It had been hard to obtain any consensus

as the basis for an intensified programme of studies and action. The difficulties encountered at the twentieth session of the General Assembly had prevented a vote on a truly comprehensive recommendation. Yet the General Assembly must take a global view and strive to act in time to ward off certain dangers. Since 1930 the total population of the world had increased by 1,200 million, a figure equal to the present populations of Africa, America and Europe combined, and in less than forty years it would double.

4. There would be serious risks for the prestige of an organization concerned with long-term prospects if it continued to treat the subject year after year without the necessary sense of urgency. There was no better yardstick for measuring the dichotomy between developed and developing countries than the birth rate. Almost without exception it could be said that, when the birth rate exceeded thirty per thousand, the country concerned was a developing one. Could the United Nations honestly refuse to analyse more thoroughly the implications of that dichotomy?

5. Certain countries had reservations on the subject of birth control and feared that the General Assembly would reach general conclusions on it. Such reservations had helped to thrust into the background not only the problem of birth control itself but also a multitude of other related problems the consideration of which should not give rise to the same apprehensions. Some countries invoked philosophical and religious beliefs; others felt that the advocates of demographic stabilization were seeking to maintain the balance of power between States. But such fears would not be dispelled by a refusal to examine the problem objectively in an international forum such as the Second Committee.

6. Generalizations were more dangerous on population growth than on any other subject. If its diversity and complexity were better known and analysed, the tendency to generalize would be less. There would be less difficulty in supporting a United Nations programme and policy, including recommendations whose application would not necessarily be universal. Even if the Committee considered only the pressure of population on resources—which was only one aspect of the matter—it would find enormous differences from country to country. There were examples where the rate of demographic growth was below the optimum considered necessary for economic progress. Some developing countries had not yet felt the pressure of population on their resources; others considered themselves still able to counter those pressures merely by increasing output.

7. The diversity of the problem could also be seen from the latest statistics. For example, the rate of

population growth in Latin America could be expected to decline very slightly, but only from 1990 onwards. On the other hand, in Africa, the rate of population growth was unlikely to fall until the twenty-first century. The age structure of the population was significant too. The categories making up the labour force represented 65 per cent of the population in Europe and only 55 per cent in Africa, and Latin America. In Africa that percentage would remain almost the same until the end of the century. In Latin America, the proportion of children would fall by 10 per cent, but the aged would increase by 10 per cent and the working population would rise by 5 per cent. In Europe, there would be a further decline of 10 per cent in the proportion of children and a growth of 30 per cent in that of aged persons, while the proportion of the working population would remain practically the same.

8. Population growth thus gave rise to enormous health, housing and educational problems which must be added to those directly linked to the economic situation, such as the existence of an adequate labour force, unemployment and underemployment and to those arising from the larger proportion of old people. Such phenomena were discussed neither thoroughly nor often enough in the United Nations.

9. That situation should be remedied and the subject should be examined scientifically and dispassionately. The United Nations must draw up a logical programme of work without of course engaging in any propaganda. Already WHO and UNESCO had intensified their activities in the population field and inter-agency meetings had been convened to ensure co-ordination. The Population Commission had been active, but the programme as a whole was still completely inadequate. Only the General Assembly could give it the necessary political impetus.

10. Action on fertility was limited to the region of the Economic Commission for Asia and the Far East and, in 1965, had accounted for only 6 per cent of the total technical assistance provided in demographic matters. As the *Ad Hoc* Committee of Experts on Programmes in Fertility had recommended, more training, education and research were needed in connexion with fertility and advisory services must be increased.

11. The General Assembly should be regularly informed of the changes which had taken place either in population forecasts or in the work programme of the United Nations family. When advisory services were given in family planning, they should not be considered as a substitute for vigorous efforts to boost production and reduce unemployment. At the same time, the principle of the sovereignty of nations should be carefully observed. In all cases, the professional and scientific approach would be adopted.

12. Finally, the importance of the subject had been amply demonstrated by the declaration on population growth and human dignity and welfare signed by the Heads of State of twelve countries and circulated by the Secretary-General in connexion with Human Rights Day 1966.

Mr. Boiko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

13. Mr. KADRY (Iraq) said that the sheer immensity of the problems of population growth defied solution. Present trends were alarming and the accelerated rate of increase in the population of Iraq could very easily become a major difficulty in a short time. As a result of medical advances, life expectancy everywhere had increased. At the beginning of the nineteenth century the world's population had been less than 1,000 million. In 120 years that figure had doubled and in another forty years would reach 6,000 million. Although there was no ready-made solution, a remarkable change in world opinion on the subject had already occurred.

14. Draft resolution A/C.2/L.936 had been prepared in the light of the following facts: (a) the projections given by the Secretary-General in paragraph 6 of document A/6466; (b) the link between demographic factors and economic and social development; (c) the more rapid rate of population growth in developing countries as compared with developed ones; (d) the failure of food production to keep pace with population growth in the developing areas; (e) the contribution made by the second World Population Conference, held at Belgrade in 1965, which had been held under United Nations auspices; (f) the health and educational aspects of population growth.

15. The draft resolution was the result of long and painstaking efforts. The views of countries which in the past had not favoured the adoption of a resolution by the General Assembly had been taken into account. He hoped that it would receive unanimous support.

16. He announced that Jamaica, El Salvador and the Netherlands had become sponsors and that, in operative paragraph 4, the words "interested Member States" should be deleted.

17. Finally, he proposed that the statement made by Mr. de Seynes should be circulated as a Committee document.

It was so decided.^{1/}

18. Mr. VILFAN (Yugoslavia) said that the size, composition and distribution of population had become increasingly important factors in United Nations economic and social activities. Changes in traditional demographic structure brought about by economic development were creating problems of growing complexity, and, although each State must decide on its own population policy in the light of its own specific circumstances, there were many demographic problems which were common to all States and must therefore be solved by international action.

19. The most acute was that of high growth rates, particularly in conjunction with low economic growth rates in the developing countries. The need for family planning as an essential part of population policy had been stressed in the declaration signed by twelve Heads of State, including the President of Yugoslavia. President Tito had also stressed that population growth was part of the wider problem of differences in the economic development of various countries and that greater efforts by the world com-

^{1/} The complete statement made by the Under-Secretary for Economic and Social Affairs was subsequently circulated as document A/C.2/L.941.

munity to provide effective assistance for the rapid economic, social and cultural advancement of developing countries were essential for tackling the problem of population growth.

20. As was clear from the Secretary-General's report (A/6466), the United Nations was approaching major demographic questions with the attention which they deserved, and it was gratifying that the specific circumstances and historical backgrounds of different areas of the world were being taken fully into account. The Committee should therefore give its full support to the continuation of the programme endorsed in Economic and Social Council resolution 1084 (XXXIX) and each country should help to carry it out as far as it was able.

21. He hoped that the Committee would approve draft resolution A/C.2/L.936, of which Yugoslavia was a sponsor.

22. Mr. AHMED (Pakistan) noted that, although the complex link between population growth and economic development was not yet fully understood, it was quite clear that the acceleration of economic growth in the developing countries was often frustrated by a population explosion.

23. In Pakistan, the modest rises in living standards achieved through development plans were threatened by rapid population growth, owing to declining mortality and a constant fertility rate. One fifth of the country's total labour force was unemployed or underemployed, and the situation was likely to grow worse; present educational facilities would have to be expanded by at least 500 per cent to achieve a target of universal eight-year education by 1985; and despite a 25 per cent increase in national income between 1950 and 1960, per capita income in the same period had risen by only just above 2 per cent. Thus, family planning in Pakistan had become a matter of necessity rather than of choice. The objective of the family planning programme in Pakistan, which had been accorded very high priority and would cost \$59 million, was to halve the birth rate by 1985.

24. The achievement of even modest family planning targets required tremendous capital resources and technical knowledge. However, research in population control had so far been inadequate, and the developing countries would therefore have to depend increasingly on intensive research programmes in the more advanced countries. One of the objectives of such research should be to find cheaper and more effective family planning methods. The United Nations system could play an important role in meeting the developing countries' growing needs for demographic knowledge and advice. The moral considerations which had led some Governments to oppose an increasingly active role for the United Nations in the field of population were understandable, but it was to be hoped that those Governments would recognize the sovereign right of countries to decide their population policies and not hinder United Nations efforts to provide assistance at the request of Governments.

25. He hoped that the draft resolution would be unanimously supported.

26. Mr. KARMARKAR (India) said that his delegation fully endorsed draft resolution A/C.2/L.936. In recog-

nizing that each nation had a sovereign right to formulate and promote its own population policy and that parents should be able freely to decide the size of the family, the sponsors fully respected the position of countries which opposed artificial means of curbing population growth, while at the same time recognizing the important role that the international community could play in providing assistance and advice at the request of Governments.

27. The rapid growth of India's population, the world's second largest, was an immense problem. Family planning programmes, which were of vital importance to over-all economic and social progress, had been initiated with the aim of reducing the birthrate from 41 per 1,000 to 25 per 1,000 in ten years. Such an extensive programme clearly required substantial international assistance.

28. The Prime Minister of India had been among the world leaders who had signed the declaration on population growth, in which the belief was expressed that the objective of family planning was the enrichment of human life, not its restriction, and that family planning, by assuring greater opportunity to each person, freed man to attain his individual dignity and reach his full potential. That noble objective deserved the endorsement of the international community. In addition, individual countries could make valuable contributions, and in that connexion India was particularly grateful to the United States for its help in providing food for the existing population and in reducing the birth rate.

29. His delegation welcomed the booklet entitled: World Population: Challenge to Development^{2/} and looked forward to the early publication of the proceedings of the 1965 World Population Conference, which would clarify the complex problems involved and provide an excellent basis for further intensification of international demographic activities. A number of other studies prepared by the United Nations and the specialized agencies were also of great value. The expansion of United Nations advisory services was gratifying, and the United Nations Advisory Mission which had visited India in 1965 had rendered valuable assistance. The recommendations of the Ad Hoc Committee of Experts on Programmes in Fertility, and particularly those relating to the expansion of research programmes and technical assistance activities in fertility, were also welcome. Finally, the Indian delegation noted with satisfaction the reorganization of work within the United Nations Secretariat and in particular the establishment of the new Population Division.

30. Mr. KILLION (United States of America) said that the gravity of the population problem was well known. Total world population had doubled within the last sixty-five years and would more than double again within the next thirty-five years. Its daily increase of approximately 180,000 was equal to the population of a medium-sized city.

31. In the United States, family planning services existed throughout almost the whole country. A policy for the Department of Health, Education and Welfare

^{2/} United Nations publication, Sales No.: 66.XIII.4.

had just been articulated that year. The objectives of that policy were to improve the health of the people, to strengthen the integrity of the family and to enable parents to exercise freedom of choice in determining family size and the spacing of children. Other federal agencies were also helping to make family planning information and facilities widely accessible.

32. The problem was most serious in the developing countries, which were least able to afford a rapidly rising population. While it was gratifying that substantial progress had been made in increasing life expectancy throughout the world, rapid population growth in the developing countries had largely thwarted efforts to eliminate poverty and disease and to promote more widespread education. The most immediate problem was that of insufficient food, which threatened to undermine economic and political stability. Assistance in family planning was important among measures to alleviate the imbalance between population growth and food supplies. At the request of the Governments concerned, the United States was providing such assistance in a number of countries, and was also helping to finance studies and training programmes. In addition, the 1966 Food for Peace Act permitted the use of foreign currencies held by the United States to support and promote research and development programmes in family planning and other related spheres.

33. His delegation welcomed the many new and interesting developments in United Nations activities in population dynamics, which would lead to a better understanding of fundamental demographic problems. It was now time for constructive action under Economic and Social Council resolution 1084 (XXXIX). In providing the necessary resources for implementing that resolution, it was important to draw on voluntary contributions, such as those available to the United Nations Development Programme and UNICEF, and on the resources of the specialized agencies.

34. The United States delegation fully supported draft resolution A/C.2/L.936 of which it was a sponsor.

35. Mr. ALACAM (Turkey) said that the revised estimates of projected world population growth, quoted in the Secretary-General's report, were alarming, particularly for the Governments of developing countries, in which the greater part of the increase was expected to occur. Virtually all the latter countries were aware of the effects of population growth on economic and social development; in fact, they attributed the failure to achieve the targets of the United Nations Development Decade largely to the fact that their economic progress was offset by the rapid increase in population. Moreover, world food prospects were such that, if chronic famine was to be prevented in years to come, current fertility levels would have to be reduced. His delegation therefore believed that the United Nations should assume responsibility for providing technical assistance in population control to those of its Members which requested it and was, indeed, in favour of having the United Nations undertake relevant operational activities.

36. The conclusions and recommendations of the many expert bodies which had discussed population trends and related matters in recent years were

unanimous on the need for a long-term international population control programme. There was general agreement that the United Nations should refrain from recommending a specific programme and that it should, in co-operation with the specialized agencies and other international bodies concerned, assist Governments to develop their own programmes. The draft resolution before the Committee would enable the United Nations to take action along those lines.

37. The reason for his Government's concern about population growth was illustrated by the fact that the population of Turkey had doubled since the 1930's and was increasing at the rate of 3 per cent per annum. The fact that his country's economic growth rate was only 4 per cent, instead of the 7 per cent contemplated in its national development plans, was almost wholly due to population growth. For that reason, the Government had authorized family planning projects in 1965, with wide popular support, and was receiving valuable aid from the United Kingdom and the United States for its programmes.

38. Mr. PIÑERA (Chile) observed that the United States representative, in his frank and impressive statement, had appeared to deplore the fact that the current rate of increase produced the equivalent of the population of a moderate-sized city each day. The Chilean delegation, however, considered that the birth of 180,000 children each day was an enrichment of the world's precious human resources which would in future years be responsible for discovering ways of solving the world's problems. The fact that the international community's efforts to overcome poverty and disease were saving innumerable lives every day, and thus contributing to population growth was not only a paradox, but a challenge which could be met in two ways: either by population control, or by devoting all man's energies to the full utilization of the earth's abundant resources.

39. While rapid population growth was indeed a major problem, it was one which affected different countries in different ways and would not therefore yield to oversimplified or standardized solutions. It should not be dealt with in isolation but as a feature of the over-all economic and social situation of the countries concerned; in practice, that meant emphasizing responsible parenthood in national development programmes. Family planning programmes which involved an element of coercion by the authorities might have disastrous effects on health and the labour force; ill-considered programmes could produce a situation in which the proportion of economically active people was too small to maintain an adequate standard of living in the community as a whole.

40. The draft resolution was satisfactory in many respects: it recognized that it was for Governments to determine their own population policies and to apply for technical assistance if they considered it desirable; it acknowledged that decisions on the size of the family should be taken by each individual family; and it made it possible for information on family planning methods to be made available to all families, whatever their income level. Subject to clarification of a number of minor points, his delegation would therefore support it.

41. Mr. FILIMONOV (Union of Soviet Socialist Republics) said that it was gratifying that expert opinion had at long last begun to appreciate the role which economic and social changes could play in solving population problems. The deliberations of the Ad Hoc Committee of Experts on Programmes in Fertility and of the 1965 World Population Conference and the statistics published by the United Nations all led to the conclusion that family planning was no substitute for economic and social progress and that it was therefore proper for States to formulate their own population policies.

42. The fact that population density in the productive age-groups was lowest in many of the countries which were apprehensive of rapid population growth was an indication that the answer did not lie in reducing the birth rate. In many countries, too, especially on the African continent, colonialism had led to an uneven distribution of population, with the result that large and potentially productive areas were still virtually uninhabited. The real problem in such instances was how to secure a massive infusion of capital and skills which would permit rapid industrialization and more efficient food production.

43. His country had in the 1920's faced a problem similar to that of many developing countries and had dealt with it by creating the conditions for rapid growth in all sectors. The resultant increase in the industrially active population and the fact that women enjoyed full equality of opportunity and employment had been major factors in lowering the birth rate.

The ultimate solution to the current—and probably transient—difficulties of the developing countries was to raise living standards by genuine economic and social reforms. A further argument in favour of that approach was the recognition by the second World Population Conference that family planning could be rationally applied only in societies with a high cultural level, which in turn depended on their economic and social level. The United Nations could therefore most usefully help to solve population problems by intensifying its economic and social assistance.

44. Mr. PISANI MASSAMORMILE (Italy) recalled the informal negotiations in regard to the first draft resolution on the subject. Thanks to the efforts made to accommodate the various points of view, it had been possible to reach a compromise. It was evident that the draft resolution, being a compromise, did not fully express the opinion of any delegation, at least not that of the Italian delegation. His delegation was nevertheless prepared to vote in favour of that draft, since its co-sponsors had agreed to insert a paragraph recognizing the sovereignty of nations in formulating their own population policies and affirming the principle that the size of the family should be left to the free choice of each individual family. Therefore, the draft resolution did not authorize the dissemination of propaganda related to any policy on demographic problems.

The meeting rose at 6.20 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1099th
MEETING

Tuesday, 13 December 1966,
at 10.45 a.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 46

Population growth and economic development (*concluded*) (A/6303, chap. X, sect. II; A/6462, A/6466 and Corr.1, A/C.2/L.936)

1. Mr. KOCHUBEI (Ukrainian Soviet Socialist Republic) said that it was for each Government to decide what policy to follow and what measures to adopt in order to solve the problems of population growth in relation to economic and social development. The history of the advanced countries showed that their Governments had not needed to resort to birth control in order to overcome economic backwardness. All the difficulties connected with population growth during the initial stages of development had been overcome through vigorous measures to encourage economic growth. It was also evident from those countries' experience that progress in education, a reduction in infant mortality and an improvement in the status of women would make it possible to bring population growth and economic and social development more closely into line in the future. That result could be achieved by changing the economic and social functions of the family and developing corresponding mental attitudes.

2. The practical experience of a number of developing countries which had succeeded in increasing their per capita output disproved the theory that unchecked population growth tended to cancel out economic progress. The developing countries, moreover, could not expect results from birth control measures for several decades. Such measures could not by themselves solve their economic difficulties. Naturally, the planning of economic and social development must take into account the relevant population factors. His delegation considered that, by giving excessive importance to population problems and treating them as the main cause of poverty, the United Nations might throw its vital technical assistance activities into confusion.

3. Mr. Mohamed AL-ATRASH (Syria) said that high rates of population growth in the over-populated developing countries called for bold action since they

could lead to a decline in per capita food consumption. On the other hand, high rates should be encouraged in the under-populated countries which were not in a position to exploit all their natural resources.

4. Although birth control might be necessary in over-populated countries, the main stress should be laid on increasing food production. International assistance should supplement national efforts in that field. There was no general food shortage at present. Any projections forecasting such a shortage were based on assumptions which would be changed by technological progress. The very purpose of such projections was to prompt action which would change the assumptions on which they were based. The world was not suffering from a shortage of food but from bad distribution of the supply. It was the distribution that must be changed, for the benefit of the over-populated developing countries. Such redistribution would enable them to step up their development efforts, particularly in industry, and thus reduce, once a certain stage of development had been reached, their present high rates of population growth.

5. Changes in the immigration laws in force in the advanced countries would also make it possible to reduce population pressure in certain developing countries. Economic union between over-populated and under-populated developing countries could also produce the same results. Those measures would have more chance of success than family planning, which should be encouraged, but which was difficult to apply because most of the population in the countries concerned was illiterate.

6. Mr. HAMEED (Ceylon) said that, although Ceylon's rate of population growth had declined between 1963 and 1965, it was still one of the highest in the world. According to recent estimates, the population would double in the next twenty-five years. Such rapid growth produced a population structure which was economically unfavourable. Nearly 42 per cent of Ceylon's population were under fifteen years of age. The working population represented 55 per cent of the total, compared with 65 per cent in the advanced countries. The high proportion of children and juveniles placed a heavy burden on the country's limited resources, a substantial portion of which had to be set aside for the expansion of a wide range of free social services. The rapid growth of the population would have a serious impact on the country's food situation. Despite substantial increases in the area under cultivation and yields per acre, Ceylon, which imported 40 per cent of its rice, had imported 1,000 million rupees' worth of food-stuffs in 1964, which represented 55 per cent of its total imports. Savings had therefore proved insufficient to finance economic development projects. In the circumstances, it was essential to stabilize the

rate of population growth at a level consistent with the requirements of the national economy.

7. The Government of Ceylon had given active encouragement to the family planning programme of the Family Planning Association of Ceylon. In 1958, it had concluded an agreement for the purpose with the Swedish Government. Family planning was now integrated with the mother and child welfare programme of the Department of Health Services. The Department of National Planning and the Department of Census and Statistics were carrying out many population research studies and surveys with the assistance of the Population Council of the Faculty of Medicine of the University of Ceylon.

8. His delegation fully supported draft resolution A/C.2/L.936.

9. The CHAIRMAN put to the vote the twenty-five-Power draft resolution (A/C.2/L.936), as orally amended (1098th meeting, para. 16).

The draft resolution, as amended, was adopted without objection.

AGENDA ITEM 39

United Nations Development Decade: report of the Secretary-General (continued)* (A/6303, chap. II; A/6426, E/4196 and Add.1-3, A/C.2/L.931 and Corr.1 and Add.1, A/C.2/L.938, A/C.2/L.940, A/C.2/L.942)

10. Sir Edward WARNER (United Kingdom) said that his Government had given careful consideration to the proposal for a charter of development referred to in the sixth preambular paragraph of draft resolution A/C.2/L.931. It hardly saw how such a charter could be drawn up in view of the essentially practical nature of development problems and the diversity of those facing the developing countries. Delegations which remembered the difficulties encountered in drafting the covenants on human rights would no doubt hesitate to undertake a similar task in the much less codifiable field of economic development. The Committee should, moreover, hesitate to ask the Secretary-General to prepare a new report when it had just recommended a general review of the activities of the United Nations and the specialized agencies. The Netherlands representative had said (1095th meeting) that nothing in the text interfered with the area of responsibility of the United Nations Conference on Trade and Development (UNCTAD). But consideration of the matter by the General Assembly was bound to overlap with the dialogue on the principles which had been started by the first session of UNCTAD. As the representative of Israel had said (1096th meeting), neither a charter nor a restatement of principles would really increase the flow of resources to the developing countries. The transfer of such resources raised practical problems, in that the advanced countries had to discover a way of transferring more resources to the developing countries without running into recurrent balance-of-payments crises.

11. The Committee also had before it draft resolution A/C.2/L.940, which his delegation found more ac-

ceptable. It covered most of the same ground and, in the circumstances, he hoped that the sponsors of draft resolution A/C.2/L.931 would withdraw their text in favour of A/C.2/L.940.

12. Mr. DJOUDI (Algeria) said that draft resolution A/C.2/L.931 was intended to systematize the principles set forth in the Charter of the United Nations. It thus went further than the title under which it was submitted, the United Nations Development Programme. A resolution of that kind would meet the wishes of those Member States which considered it necessary to review the results achieved in international co-operation. It would establish the principles that should govern the future activities of the international community. The principles stated in 1964, of which the sponsors approved, would be the subject of a debate of importance to all States Members of the United Nations and members of the United Nations Conference on Trade and Development (UNCTAD) at its second session. That debate could lead to the unanimity which the sponsors desired. Thus the idea was one which demanded study and reflection. The twenty-second session of the General Assembly would be a first stage in the preparation of the charter of development and it was reasonable to hope that all the conditions necessary for the achievement of that goal would be fulfilled at the twenty-third session of the Assembly.

13. His delegation was therefore submitting a number of amendments (A/C.2/L.942). They would not involve any basic changes in draft resolution A/C.2/L.931, but would bring it into closer conformity with the activities of the United Nations and the specialized agencies, having regard to the various time-limits which would necessarily have a direct influence on the objective sought in the draft resolution. In proposing that, in the first preambular paragraph, the words "Bearing in mind" should be replaced by the word "Reaffirming", his delegation was reproducing the wording of the relevant Economic and Social Council resolution. As it stood, the reference to Economic and Social Council resolution 1152 (XLI) in the second preambular paragraph was purely negative, but that resolution actually recommended a survey of the preparations required in order to further and facilitate planning for concerted international action for the period after the United Nations Development Decade. The fifth amendment was based on the agenda for the second session of UNCTAD. It was necessary to emphasize how important the discussions to be held at New Delhi would be in furthering the purpose of the draft resolution. Finally, operative paragraph 3 would show on what lines the Secretary-General was to direct his efforts.

14. Mr. AHMED (Pakistan) reminded the Committee of Economic and Social Council resolution 1089 (XXXIX) and General Assembly resolution 2084 (XX), which both stressed the need to make projections so that future programmes of action could be drawn up and to fix, at the international level, specific and realistic goals consistent with the needs of the developing countries which would enable them to benefit more from the activities of the United Nations family. The report prepared by the Secretary-General (E/4916 and Add.1-3), in pursuance of those two

*Resumed from the 1097th meeting.

resolutions, contained constructive suggestions and information on the activities of the members of the United Nations family in the various sectors, but did not fully meet the requirements of the two resolutions and, although it had been issued in May, no further information had been supplied to the Assembly on the establishment of goals by members of the United Nations family in their respective fields of competence or on the report which resolution 2084 (XX) had asked those organizations to submit jointly on the goals already set. On that last point, the report of the Secretary-General merely indicated that the Administrative Committee on Co-ordination might prepare a report at some future date (E/4916, para. 42), which was left unspecified, although the United Nations Development Decade would come to an end in 1970.

15. His delegation did not share the view that the slow progress made towards achieving the targets set for the Development Decade was due to the fact that they were unrealistic. On the contrary, they were modest in comparison with the needs and growth potential of the developing countries. The annual growth rate of 5 per cent—which would not be enough to narrow the gap between rich and poor countries—could undoubtedly be achieved by the developing countries. Pakistan had reached that rate during its second five-year-plan (1960–1965) and expected to reach 6.5 per cent during its third. The agricultural growth rate would probably rise from 3.4 per cent during the second plan to 5 per cent during the third, while the industrial growth rate would be about 10 per cent for the whole decade. Enrolment in primary and secondary schools was expected to be 10 and 18 per cent of the respective age groups by 1970. Pakistan already had one doctor per 7,400 persons, the target for the Development Decade being one per 10,000, and expected to have one per 6,600 by 1970. It was thus possible to achieve the target set for the Decade by trying hard enough. It was also necessary to start immediately to make plans for the period following the Decade.

16. It was for those reasons that his delegation had submitted draft resolution A/C.2/L.940, together with six other delegations, to which should also be added the following: Algeria, Bolivia, Burundi, Ceylon, Chad, Chile, Ecuador, Greece, Guinea, India, Indonesia, Iran, Iraq, Madagascar, Niger, Nigeria, Panama, Paraguay, Peru, Sudan, Sweden, Syria, Togo, Trinidad and Tobago, the United Republic of Tanzania and Upper Volta.

17. The purpose of the draft resolution was to prompt the action necessary to follow up the Development Decade. The first eight preambular paragraphs gave an idea of the direction to be taken by such action at the national and international levels. The ninth preambular paragraph was intended to stress the important role that international trade should play in economic development, but not to underestimate the importance of foreign aid, which the Decade had stressed. The first three operative paragraphs stated the sponsors' belief that the targets set for the Decade could be achieved in the remaining four years with sufficient effort, and operative paragraph 4 called for a framework of international development strategy for the period following the Decade. In that paragraph the sponsors had decided

to replace the words "twenty-second session" in the third line by the words "twenty-third session" and to insert the words "forty-third and forty-fifth sessions of the" between the words "the" and "Economic" in the next line. That would give the Secretary-General more time, and the General Assembly, after considering the preliminary framework at its twenty-third session, would be able to take a final decision a year before the start of the next period. The word "consecrated" in the same paragraph should be replaced by the word "concentrated".

Mr. Boiko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

18. Mr. NEDIVI (Israel) said that it was not goals, targets, guide-lines, convenient developments tools or resources which the international community lacked, but understanding. It was the growing lack of awareness of the relatively modest goals of the Decade that lay behind its failure, and particularly the inability to realize the implications of failure. That had been recognized in Economic and Social Council resolution 1176 (XLI), which had contained a promise of more effective work by the United Nations information services.

19. The Committee was again discussing the United Nations Development Decade, preparing for another one, playing the game of restating principles, goals and guide-lines, but there was not a word in the draft resolution on the basic issue, namely, how to generate the political will necessary to give life to such texts. Draft resolution A/C.2/L.931, which dealt with the preparatory work for a renewed co-operative effort in the cause of development, at least recognized the need to distinguish between short-range goals and long-term efforts. Although it could have been more explicit on that point, the draft resolution did not exclude the possibility of a thorough discussion later on the nature and scope of future international action for development and his delegation would therefore support it.

20. The same was not true of draft resolution A/C.2/L.940. If the United Nations Development Decade, instead of firing the imagination and compassion of peoples the world over, was merely an organizing or reorganizing principle for the edification of national and international bureaucracy, it was doomed to failure. The civic spirit of the international community must therefore be mobilized. The new operative paragraph 1 proposed by the Algerian delegation in its amendments (A/C.2/L.942) had that in mind. A new start must be made, with a frank recognition that the chances of achieving the modest goals of the Decade were nil. Otherwise, the Committee, like the sponsors of draft resolution A/C.2/L.940, ran the risk of retaining a faulty conception of the Decade. A full-scale discussion of the subject, first in the Economic and Social Council and then in the Second Committee, should relate short-term to long-term goals. From it should emerge a clearer picture of what could be done, by whom, by when and at what cost in terms of aid or of suffering and social and political instability. To request the Secretary-General to prepare and submit a framework of international development strategy for the 1970's was to compound the difficulties in the way of a new approach to the problem, to conceive of international development

strategy solely in terms of decades and to shirk the responsibility for evolving such a strategy in the organs of the United Nations. The role to be assigned to the Secretary-General was clear from the text: he was not asked to prepare a plan to make the United Nations family more active, but he was asked to outline a global strategy, on his own initiative, which would be a mistake according to the delegation of Israel. The draft resolution, moreover, only mentioned the role of trade in promoting economic development, and not that of aid, on which the General Assembly had already stated its views. The representative of Pakistan had spoken of aid and it was difficult to see why it should not be referred to explicitly.

21. He was surprised that the Council had not fixed a time to discuss the subject nor requested its inclusion in the General Assembly's agenda. His delegation would prefer to see draft resolution A/C.2/L.940 withdrawn and resubmitted in 1967, after a full-scale discussion. But if it was to be adopted, it should also refer to Economic and Social Council resolution 1176 (XLI).

22. Mr. MURGESCU (Romania) recalled the importance which his delegation had always attached to the adoption of a declaration of principles concerning economic relations between States and its expression of regret that no progress had been made in that direction, in spite of the adoption by the General Assembly of several resolutions recognizing the usefulness of such a declaration.

23. The Romanian delegation was therefore happy to find in draft resolution A/C.2/L.931 several ideas which it warmly advocated. It would, however, like the sponsors to make clear what, in their opinion, should be the relationship between the survey they were asking the Secretary-General to make and the preparation of a declaration of principles of international economic co-operation. He was disturbed to note that the preamble did not mention any of the General Assembly resolutions concerning such a declaration of principles, but on the other hand, alluded in its fourth paragraph to progress which in his view was scarcely apparent. The reply of the sponsors of the draft resolution to that question would determine the attitude of the Romanian delegation. It was ready to support any measure leading to a definition of certain principles of economic co-operation among States, but could not approve of measures likely to hinder the preparation of a declaration of that nature. If the reply of the sponsors of the draft resolution dispelled his delegation's fears, a paragraph might be added to the preamble, worded as follows:

"Recalling resolution 1942 (XVIII) concerning the need to adopt a declaration on international economic co-operation."

24. His delegation was prepared to support the first two amendments proposed by the United Kingdom (A/C.2/L.938) and hoped that the sponsors of draft resolution A/C.2/L.931 would be able to take them into account. It also hoped they would be able to accept the amendments proposed by Algeria (A/C.2/L.942), for it was surely essential to avoid any con-

fusion between the survey requested of the Secretary-General and the drafting by UNCTAD of the principles which should govern international commercial relations.

25. The Romanian delegation was ready to vote in favour of draft resolution A/C.2/L.940.

26. Mr. PARDO (Malta) considered draft resolution A/C.2/L.931 to be based on an interesting and constructive idea. He approved unreservedly, for example, the provisions of the fifth preambular paragraph. However, he would like to suggest a slight modification of the third preambular paragraph to read: "...oriented towards long-term, increased and concerted efforts...". Secondly, and more importantly, he did not think it was wise to spell out directives for action in the field of development in the proposed charter of development.

27. Concerning draft resolution A/C.2/L.940, he shared the opinion which the Israel representative had just expressed. He could not accept the wording of the fourth preambular paragraph and hoped that the sponsors would be able, at the very least, to delete the words "both national and", for he did not think that the drafting by the United Nations of an over-all framework of guide-lines could influence planning at the national level. The succeeding preambular paragraphs stressed the delineation of guide-lines and general objectives, whereas experience had proved that they were difficult to define and, in any case, of very limited usefulness for Governments. Moreover, guide-lines and objectives could not be imposed on the latter without impinging on a field which the United Nations Charter had stated to be essentially within the domestic jurisdiction of each State. The Maltese delegation, therefore, could not support draft resolution A/C.2/L.940 unless it was amended.

Mr. Tell (Jordan) resumed the Chair.

28. Mr. BADAWI (United Arab Republic), on behalf of his own delegation and those of India, Pakistan and Yugoslavia, proposed that the following paragraph be inserted between operative paragraphs 1 and 2 of draft resolution A/C.2/L.931:

"Emphasizes that the preparation of this survey in no way detracts from the urgency of the need for the Governments of States members of the United Nations Conference on Trade and Development to exert maximum efforts, with a view to reaching, at the earliest possible moment, the broadest measure of agreement on the principles governing international trade and trade policies conducive to development."

That amendment, like the fifth Algerian amendment, was inspired by the desire not in any way to hamper UNCTAD's work on the principles in question, and it gave greater balance to the draft resolution by introducing the new paragraph into its operative part.

29. Mr. INGRAM (Australia) said he would like first of all to pay a tribute to the constant concern of the sponsors of draft resolution A/C.2/L.931, and of the Netherlands delegation in particular, to strengthen United Nations activities in the field of development. However, his delegation which, generally speaking, preferred pragmatic methods to system-building,

had doubts about the timeliness and the utility of the proposal expressed in the draft resolution in question.

30. It considered, indeed, that until such time as agreement was reached on the principles stated by the first session of UNCTAD, it would be premature to try to elaborate principles of still wider scope. The amendment which the representative of the United Arab Republic had just proposed in the name of four delegations took that consideration partly into account, but he himself would prefer that the word "the" in the English text before the word "principles", the which had already been discussed in UNCTAD, should be deleted so as to bring the text into line with the wording of item 9 of the provisional agenda of the second session of the Conference put forward in the report of the Trade and Development Board.^{1/}

31. Concerning the usefulness of the survey envisaged in the draft resolution, the Australian delegation considered that it would be interesting to have such a task undertaken by the United Nations Institute for Training and Research which, as its Executive Director had indicated to the Committee (1092nd meeting), had work of that kind in mind for the future. On the other hand, it did not think that it was of interest to the General Assembly to embark on a task of such magnitude that the United Kingdom representative had compared it to the preparation of the draft covenants on human rights, before agreement had been reached even on the principles concerning international trade.

32. His delegation supported the amendments submitted by the United Kingdom (A/C.2/L.938), and the first four amendments submitted by Algeria (A/C.2/L.942). With regard to the fifth Algerian amendment, he shared the opinion of the representative of the United Arab Republic. As for the sixth amendment, the objections he had raised concerning the draft resolution itself were even more applicable to that, since the adoption of that new paragraph would involve a formal decision by the General Assembly to prepare a statement which his delegation doubted would prove useful.

33. In conclusion, he hoped that the sponsors of the draft resolution would be able to take into account the amendments submitted by the United Kingdom.

34. Mr. Donald MACDONALD (Canada) said he was in agreement with both the proposal and the objectives of the Australian delegation. He thanked the sponsors of the two draft resolutions, and particularly the Netherlands representative, for drawing the Committee's attention (1095th meeting) to the importance of a planned approach to development in the decade following 1970.

35. He understood the sponsors' motives and hoped their enthusiasm would not wane through the years; however, he had certain reservations. He supported the amendments submitted by the United Kingdom. Although he had not yet been able to study the amendments submitted by Algeria, nor the draft resolution submitted by Pakistan, he urged their

authors to delete any reference to reports which the Secretary-General should submit to future sessions of the General Assembly. He recalled that earlier when he had commented on the ideas of the Ghanaian representative on the reorganization of the Committee's work (1071st meeting), he had suggested that when the General Assembly referred a question to the Economic and Social Council, it should not automatically decide at the same time to place it on the provisional agenda of a future session, but should leave it to the Council to decide, in the light of reports and its own discussions, whether or when it was appropriate to refer the question back to the General Assembly. Perhaps that idea should be applied to both the draft resolutions before the Committee: their sponsors might request the Secretary-General to submit his report to the Council only and leave it to the latter to decide how to bring it before the General Assembly. The Economic and Social Council's work on the subject could also be mentioned. Subject to those reservations, the Canadian delegation would follow the sponsors' deliberations with interest.

36. The CHAIRMAN proposed that the meeting should be suspended to allow the sponsors time to agree on the amendments submitted.

37. Mr. FERNANDINI (Peru) proposed that, in view of the lateness of the hour, the meeting be adjourned.

38. The Chairman said he felt sure that the sponsors could still perform useful work during the present meeting and asked the Peruvian representative not to press his proposal.

39. In the absence of any objection, the Chairman suggested that the meeting be suspended.

It was so decided.

The meeting was suspended at 12.30 p.m. and resumed at 12.50 p.m.

40. Mr. LUBBERS (Netherlands) said that the sponsors of draft resolution A/C.2/L.931 were grateful for the attention their text had received.

41. They were prepared to accept the first of the amendments submitted by the United Kingdom (A/C.2/L.938), inasmuch as the words "the next development decade" actually had no legal force, since the United Nations had not yet reached a decision on the matter. It was also advisable not to set a time-limit on the scope of those principles. On the other hand, they saw no cause to change the wording of the fifth preambular paragraph, since strictly speaking the words "rights and duties of peoples and nations" had no legal significance. Hence, the sponsors could accept neither the second United Kingdom amendment nor its fourth amendment concerning operative paragraph 2, inasmuch as the survey the Secretary-General was to undertake was by definition of a preparatory nature. In the matter of the third amendment, the sponsors felt that the words "charter of development" should be retained in the sixth preambular paragraph, but they were willing to delete the word "such".

42. The sponsors accepted the Algerian delegation's first three amendments (A/C.2/L.942), which clarified and strengthened the draft resolution. While they had

^{1/} See Official Records of the General Assembly, Twenty-first Session, Supplement No. 15, part one, para. 129.

no substantive objections to the fourth amendment which would add a new paragraph after the third preambular paragraph, they nevertheless believed it was somewhat out of context, inasmuch as Economic and Social Council resolution 1148 (XLI) had no direct bearing on their draft resolution, but had to do rather with draft resolution A/C.2/L.940; besides, the two draft resolutions were parallel and were not mutually exclusive. The sponsors hoped the Algerian delegation would not press that amendment. They could accept the fifth amendment, provided item 9 of the provisional agenda of the second session of UNCTAD was incorporated word for word.

43. In connexion with the sixth amendment, there was a certain tactical difficulty involved in adding such a paragraph concerning a consolidated statement of rights and duties of peoples and nations, since to do so would lessen the chances of the draft resolution being adopted by a large majority. That was doubtless the right course to follow; but at the present early stage, his delegation preferred not to be over-ambitious but to advance gradually, and it asked the Algerian delegation not to press the amendment.

44. With regard to the amendment submitted by the delegations of India, Pakistan, the United Arab Republic and Yugoslavia, his delegation had specifically stated when it introduced its draft resolution that it in no way curtailed UNCTAD's responsibility in that area. The sponsors fully agreed with the substance of the amendment, but believed it would be easier to quote the relevant passage from General Assembly resolution 2085 (XX), which had been adopted unanimously, so that the revised operative paragraph 2 would read:

"Emphasizes that the preparation of this survey in no way prejudices the call addressed by it, in its resolution 2085 (XX) of 20 December 1965, to the Governments of States members of the United Nations Conference on Trade and Development to make the maximum efforts through the Conference, which attached great importance to principles governing international trade relations and trade policies conducive to development, with a view to reaching, at the earliest possible moment, the broadest possible measure of agreement on principles and policies."

45. In connexion with the Moroccan proposal (1095th meeting), he requested the Secretariat to arrange for the words "the regional economic commissions and the United Nations Economic and Social Office in Beirut" to be added after "the Executive Director of the United Nations Industrial Development Organization" in operative paragraph 1 of draft resolution A/C.2/L.931.

46. The sponsors could not accept the three changes which the representative of Malta had suggested. They had intentionally omitted the word "concerted", which the Maltese delegation wished to insert between the words "longer term" and "efforts" in the third pre-

ambular paragraph, and they had intentionally retained the words "longer term" rather than "long term". They had deliberately been flexible, and even somewhat vague, in the fourth preambular paragraph, because they had wished merely to provide general indications and to allow the Secretary-General the greatest possible freedom; the principles, directives and guidelines for action in the field of development should be interpreted very broadly.

47. In reply to the Romanian delegation's question as to what the relationship was between the proposed survey and the question of a declaration on international economic co-operation called for in General Assembly resolution 1942 (XVIII), he explained that draft resolution A/C.2/L.931 was much broader in scope than that resolution, since it dealt not only with economic development, but also, for example, with social and cultural development. The survey which the Secretary-General was asked to prepare took into account the fact that the General Assembly had already considered a declaration on international economic co-operation and in no way ran counter to such a declaration. The sponsors did not object to the addition of a preambular paragraph which might read as follows: "Bearing in mind resolution 1942 (XVIII) of 11 December 1963 concerning the need for a declaration on international economic co-operation." The sponsors had not deliberately omitted such a statement, and they felt, in fact, that resolution 1942 (XVIII), which the General Assembly had adopted unanimously, should be included in the Secretary-General's survey.

48. His delegation had consulted the Secretary-General in connexion with the Australian delegation's suggestion that the United Nations Institute for Training and Research should undertake the survey; it was a matter of relatively minor importance.

49. At its twenty-second session, the General Assembly should examine thoroughly the reasons for the failure of the Development Decade, as the Israel representative had suggested. But there was no need to add another operative paragraph to that effect to the draft resolution, since its scope was more limited.

50. With regard to the Canadian representative's suggestion that any reference to a future General Assembly session in the last operative paragraph should be deleted, the sponsors preferred to retain that point in the text.

51. Mr. BADAWI (United Arab Republic) said that in a spirit of co-operation and compromise, the delegations of India, Pakistan, the United Arab Republic and Yugoslavia would accept the Netherlands representative's wording, provided that the words "in accordance with recommendations A.I.1, A.I.2 and A.I.3 of the Final Act of the United Nations Conference on Trade and Development" were added at the end of the revised operative paragraph 2.

The meeting rose at 1.20 p.m.

United Nations
GENERAL
ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1100th
MEETING

Tuesday, 13 December 1966,
at 5.10 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 37

United Nations Conference on Trade and Development: report of the Trade and Development Board (concluded)* (A/6303/Add.1, chap. I, A/6315, A/6501, A/C.2/L.925/Rev.1, A/C.2/L.914)

1. Mr. HAMEED (Ceylon) said that, following informal consultations, the sponsors of draft resolution A/C.2/L.925/Rev.1 had decided to add a new paragraph after the first preambular paragraph, to read:

"Bearing in mind the annual report of the International Monetary Fund for 1966."

2. The CHAIRMAN put to the vote the thirty-nine-Power draft resolution concerning international monetary reform (A/C.2/L.925/Rev.1).

The draft resolution, as orally amended, was adopted without objection.

3. Mr. BLAU (United States of America), speaking in explanation of vote, said that his delegation had supported the draft resolution despite serious misgivings about asking the General Assembly to take action on as technical a matter as international monetary reform before its competent subsidiary bodies, namely, the Trade and Development Board and the Committee on Invisibles and Financing related to Trade, had had an opportunity to consider recent developments. In fact, considerable progress had been made towards furthering the aims of the draft resolution: the important questions at issue were being discussed in informal meetings within the International Monetary Fund (IMF), at which the vast majority of developing and developed countries were represented, and it was hoped that a consensus would emerge at further discussions, enabling the IMF's Board of Governors to consider a formal plan for international monetary reform. His delegation therefore regretted that those initiatives had merely been noted in the third preambular paragraph of draft resolution A/C.2/L.925/Rev.1.

*Resumed from the 1096th meeting.

4. His delegation construed the first part of operative paragraph 1 as referring to the current discussions being held within IMF and between the Executive Director of that Fund and members of the Group of Ten. The second part in no way prejudged those negotiations and, while it was agreed that both developed and developing countries should participate fully in any new asset which might be created, the type of participation could not be determined until the negotiations had been concluded.

5. His delegation interpreted operative paragraph 2 as referring to the normal arrangements for inter-secretariat consultation and understood that the requested consultations would be held under the existing Agreement between the United Nations and IMF,^{1/} which *inter alia* contained provisions protecting the confidential nature of certain information which members of IMF were required to reveal.

6. Sir Edward WARNER (United Kingdom) said that, in supporting the draft resolution, his delegation believed that, in practice, participation in any new international monetary arrangements was bound to be confined to IMF members, and the United Kingdom therefore regarded operative paragraph 1 as applying to countries which had accepted the obligations of the Agreement between the United Nations and IMF.

7. Mr. Donald MACDONALD (Canada) said that, although his delegation had supported the draft resolution, it interpreted operative paragraph 1 in the same way as the previous speaker.

8. Mr. ABE (Japan) said that, in supporting the draft resolution, his delegation regarded operative paragraph 1 as applying to countries which had accepted the obligations of the Agreement between the United Nations and IMF. The inclusion of the word "fully" in the second half of that paragraph did not prejudice the type of participation in any new arrangements which might be agreed upon in the future.

9. His delegation expected that the consultations referred to in operative paragraph 2 would be held under the existing Agreement between the United Nations and IMF.

10. Mr. SVENNEVIG (Norway) said that, although his delegation had supported the draft resolution, it believed that the consultations referred to in operative paragraph 1 should be so organized as to provide a balance between obligations and rights. Norway had not, by voting for the resolution, endorsed discussions on international monetary reform in forums other

^{1/} Agreements Between the United Nations and the Specialized Agencies and the International Atomic Energy Agency (United Nations publication, Sales No.: 61.X.1, sect. VII).

than those in which that matter had so far been considered.

11. Mr. LOBANOV (Union of Soviet Socialist Republics), speaking in exercise of the right of reply, said that the United States representative's statement at the 1095th meeting made it necessary to reaffirm his delegation's view that the question of international monetary reform, which was of vital importance to the trade of all countries, must be discussed and decided by the United Nations Conference on Trade and Development (UNCTAD). Although IMF had an important role to play, the problem must be resolved in the interests of all and not merely of any particular group of countries. Unfortunately, the notorious Group of Ten had so far excluded other countries from participating in the discussions of reform. The solution to international liquidity problems lay in stabilizing the price of gold, which would promote the expansion of exports from the developing countries and enhance their ability to obtain financial assistance.

12. There were a number of shortcomings in the draft resolution which had just been adopted, particularly its inadequate emphasis on the role of UNCTAD, but the Soviet delegation had voted in favour of it because it was a definite step forward in ensuring that the interests of all countries, especially the developing countries, would be taken into account in any new arrangements for international monetary reform.

13. Mr. GALLARDO MORENO (Mexico) said that his delegation's support for the draft resolution did not alter its basic view that IMF was the proper forum for discussion of international monetary reform.

14. Mr. MARTIN WITKOWSKI (France) stated that his delegation placed no particular interpretation on the text of the draft resolution, which could not affect the conditions under which Governments participated in IMF.

15. Mr. ONKELINX (Belgium) said that his delegation had supported the draft resolution because it upheld the principle that all countries should be represented in discussions on international monetary reform. Belgium did not regard the draft resolution as prejudging the matter of the organs in which the discussions should be held or the type of participation which countries would have in any new arrangements.

16. The CHAIRMAN invited the Committee to vote on the thirty-nine-Power draft resolution on the implementation of the recommendations of UNCTAD (A/C.2/L.944).

The draft resolution was adopted without objection.

17. Mr. BLAU (United States of America), speaking in explanation of vote, regretted that, as in the case of draft resolution A/C.2/L.925/Rev.1, the General Assembly was being asked to act before its subordinate technical bodies. The United States, while welcoming the Secretary-General's Review of International Trade and Development^{2/} as a hopeful beginning which could serve a useful purpose when it developed the authority and objectivity of other United

Nations reports, believed that UNCTAD should direct its efforts towards achieving agreement relating to the future, rather than to a sterile review of the implementation of past recommendations, in an attempt to place the blame for lack of progress on one group of countries.

18. Sir Edward WARNER (United Kingdom) said that his country fully shared the serious concern at the slow rate of economic progress in the developing countries and had the political will to do all it could to help. His delegation had therefore supported the draft resolution, although the United Kingdom Government was not necessarily convinced that the recommendations of the first Conference were in all cases the best indication of what should be done and the best way of doing it.

19. Mr. SVENNEVIG (Norway) said that his delegation's support for the draft resolution in no way affected Norway's position on tariff preferences. Until the special tariff treatment referred to in operative paragraph 3 (b) was shown to be beneficial to the developing countries in the long run, his delegation would continue to doubt the value of such measures.

AGENDA ITEM 39

United Nations Development Decade: report of the Secretary-General (continued) (A/6303, chap. II; A/6426, E/4196 and Add.1-3, A/C.2/L.931/Rev.1, A/C.2/L.938, A/C.2/L.940/Rev.1, A/C.2/L.942)

20. Mr. YULIN (Union of Soviet Socialist Republics) said that, during the United Nations Development Decade, the problems of the developing countries had become more acute and the modest goals set at the beginning of the Decade were far from being achieved. The main reason was the colonialist and neo-colonialist policy followed by the imperialist Powers. They had sought at any price to maintain their economic domination over the developing countries. As a result of their exploitation by capitalist monopolies, the latter countries had fallen still further behind. In order to maintain their high standards of living, the capitalist countries continued to regard the developing countries as a source of cheap raw materials and easy profits. The profits pumped out by the capitalist monopolies amounted to between 17 and 20 per cent of the national income of the developing countries. If those profits had been ploughed back into the developing countries, the capital investment in such countries could have been doubled and their economic growth accelerated. The technological revolution in the capitalist countries had further widened the gap between them and the poorer countries; according to the latest statistics, the difference in their per capita national products had increased from \$1,469 to \$1,826.

21. In order to remedy their backwardness, the developing countries must stamp out both the vestiges of colonialism and neo-colonialism and strengthen their economic independence and the United Nations must help them to do so. However, some developing countries had not yet succeeded in eliminating neo-colonialism and in obtaining their proper share of the profits of capitalist monopolies. The developing countries must do their utmost to mobilize their domestic resources and carry out democratic land reform. The United Nations family must tackle such problems as

^{2/} Official Records of the Trade and Development Board, Fourth Session, Annexes, agenda item 3, documents TD/B/82 and Add.1-4.

the elimination of single-crop economies, the establishment of national industries and a sound system of agriculture, the promotion of the State sector and planning, the training of specialists, the development of communications, education and health, the safeguarding of national sovereignty over local resources, the liquidation of unfair trade, and the improvement of world trade.

22. The Soviet Union and the other socialist countries were devoid of all responsibility for the backward state of the developing countries. Indeed, it was their policy to help such countries in every way possible. The Soviet Union was strengthening its ties with the newly independent States and helping them to establish new industries, train their scientists and technicians, and improve their position on world markets. By so doing, it was helping them to strengthen their economic independence.

23. Under its new Five-Year Plan, the Soviet Union was expanding its trade with many under-developed countries, exporting industrial machinery to them, purchasing more of their exports, helping them develop their industries and agriculture, and providing assistance for training, geological surveys, and so on. It extended credit to the developing countries on much easier terms than those granted by the capitalist countries.

24. He was glad to note that draft resolution A/C.2/L.931/Rev.1 now contained a reference in the preamble to General Assembly resolution 1942 (XVIII) concerning the necessity of drafting a declaration on international economic co-operation. As early as 1957 the socialist countries had advocated the drafting of such a declaration and their initiative had culminated in the adoption of the UNCTAD recommendations. It was therefore gratifying that operative paragraph 2 of the draft resolution made it clear that the survey to be carried out by the Secretary-General in no way prejudiced the call addressed by the General Assembly to the Governments of States members of UNCTAD in resolution 2085 (XX). Unfortunately, some of the developed countries still stubbornly refused to carry out the recommendations of UNCTAD. His delegation therefore welcomed the inclusion of operative paragraph 2 and would support draft resolution A/C.2/L.931/Rev.1 as a whole. It would also vote in favour of draft resolution A/C.2/L.940/Rev.1.

25. Sir Edward WARNER (United Kingdom) said he was glad the sponsors of draft resolution A/C.2/L.931/Rev.1 had accepted the first United Kingdom amendment (A/C.2/L.938). His delegation, however, attached importance to the other three amendments because they would avoid prejudging the issue of a charter of development. If those three amendments were not included, his delegation would be unable to vote for draft resolution A/C.2/L.931/Rev.1.

26. Mr. DJOUDI (Algeria) said he was glad to note that most of his amendments (A/C.2/L.942) had been included in draft resolution A/C.2/L.931/Rev.1, and he would not insist on adding the new operative paragraph contained in his sixth amendment. The new paragraph he had proposed to the preamble in his fifth amendment had been included in the draft resolution and the text was exactly the same as that contained in the draft provisional agenda for the second session of UNCTAD.^{3/}

27. Mr. AHMED (Pakistan) announced that Ghana and Poland had become sponsors of draft resolution A/C.2/L.940/Rev.1.

28. Mr. LUBBERS (Netherlands) announced that Trinidad and Tobago had become a sponsor of draft resolution A/C.2/L.931/Rev.1.

29. Mr. MOSAK (Secretariat) said that, in order to carry out the work assigned to him in operative paragraphs 1 and 3 of draft resolution A/C.2/L.931/Rev.1, the Secretary-General would require an additional P-5 post and a General Service post, which would cost \$24,000 in 1967 and \$32,000 in 1968.

30. The Secretary-General was convinced of the overriding importance of planning an effective strategy for the 1970's, for which purpose considerable resources would be needed in the next three years. There was already one official engaged in preparing the Secretary-General's report to the Economic and Social Council under its resolution 1152 (XLI). The Secretary-General could not give a precise indication of the additional resources needed to carry out operative paragraph 4 of draft resolution A/C.2/L.940/Rev.1, since that would depend on the amount of resources transferred from other items. The Secretary-General therefore proposed that, when a clearer picture had emerged of the work involved, he would include in the initial budget estimates for 1968 any additional funds necessary for the preliminary framework of international development strategy.

31. Mr. NEDIVI (Israel) said that draft resolution A/C.2/L.940/Rev.1 was considerably improved but regretted that, in the seventh preambular paragraph, no attempt had been made to distinguish between short-term and long-term goals. In the tenth preambular paragraph, it might be advisable to mention aid as well as trade, while in the fifth preambular paragraph it might be better to say "international action can be taken" instead of "will be taken". He expressed regret that such an important subject as the United Nations Development Decade was not being given the detailed treatment it deserved.

The meeting rose at 6.30 p.m.

^{3/} See Official Records of the General Assembly, Twenty-first Session, Supplement No. 15, part two, annex I, resolution 34 (IV), sect. I (b).

United Nations
GENERAL
ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1101st
MEETING

Tuesday, 13 December 1966,
at 8.55 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 39

United Nations Development Decade: report of the Secretary-General (concluded) (A/6303, chap. II; A/6426, E/4196 and Add.1-3, A/C.2/L.931/Rev.1, A/C.2/L.938, A/C.2/L.940/Rev.1, A/C.2/L.942, A/C.2/L.945)

1. Mr. PARDO (Malta) said that draft resolution A/C.2/L.940/Rev.1 was an improvement on the original version and that his delegation agreed with its general aims. There were two respects, however, in which it might be dangerous. First, it would not be appropriate for the Secretariat to be given functions tantamount to making of it a world economic ministry, setting guide-lines and targets for the world as a whole, for the different regions and for individual countries. There were signs that some sections of the Secretariat wished to assume such functions. Attempts were made in the interim report on the United Nations Development Decade (E/4196 and Add.1-3), for example, to establish indicators such as the proportion of national income to be spent on education or scientific research, which amounted to a usurpation of the prerogative of Governments. In some fields, moreover, there was simply not enough information to establish quantitative targets. Secondly, before goals were established for the next decade more preliminary work was needed to determine in what areas they could usefully be set and how they could be made consistent with each other. It might be noted in that connexion that there were often several organizations doing the same work and suggestions for avoiding overlapping might therefore be included in the report requested from the Secretary-General in the draft resolution.

2. With those ideas in mind, his delegation was submitting the amendments contained in document A/C.2/L.945. The first amendment would remove the

reference to quantitative goals and targets from the seventh preambular paragraph. The second amendment would delete the eighth preambular paragraph because it would invade the field of national policy. The third amendment would introduce the word "consistent" into the ninth preambular paragraph in order to ensure that the goals established were not contradictory. The fourth amendment would insert a new operative paragraph 4 in the text requesting the Secretary-General to submit a report to the Economic and Social Council rather than the General Assembly, which would be somewhat more preparatory than that provided for in the draft resolution.

3. Mr. VARELA (Panama) remarked that, since the eighth preambular paragraph of the draft resolution contained the phrase "with due regard to the principle that the choice of appropriate policies is a matter for decision by the national Governments", there was no danger of invading the field of national policy. The Maltese amendment to the operative part would in effect mean no positive action. As a sponsor, therefore, his delegation could not accept the amendments submitted by Malta and would vote against them.

4. Mr. AHMED (Pakistan) said that those sponsors of the draft resolution with whom he had discussed the matter were unable to accept any of the Maltese amendments. There was no intention of trying to establish an international economic ministry. The Secretary-General was merely being asked to provide a preliminary framework of international development strategy. It would be discussed by the Economic and Social Council before being submitted to the General Assembly, where Governments would be free to accept or reject it as they saw fit. As to the question of overlapping, the appropriate forum in which to discuss it would be the Committee for Programme and Co-ordination.

5. Mr. PARDO (Malta) pointed out that the interim report on the United Nations Development Decade stated in paragraph 39 that many of the most important aims of development were not directly quantifiable at present or else the necessary data were unavailable, and in paragraph 25, that work on the question of balanced inter-sectoral or inter-industry relations was still at a preliminary stage. That confirmed his view that the matter required further study by the Secretariat before even a preliminary framework of development strategy could be produced.

6. Mr. MOSAK (Secretariat), replying to a question from Mr. BLAU (United States of America), said that the Maltese amendments would probably have greater financial implications than the draft resolution itself, since it set a more specific task to be

completed by the forty-third session of the Economic and Social Council.

7. Mr. Mohamed AL-ATRASH (Syria), speaking as a sponsor of the revised draft resolution, agreed with the representative of Pakistan. Since general targets had been set for the United Nations Development Decade, it would be desirable to break them down and establish quantitative sub-targets for the economic growth of the developing countries, investment, savings, aid, etc. That would not mean any surrender of sovereignty by Governments. The draft resolution did not say that targets would be established for individual countries, nor did it indicate the means by which targets were to be achieved.

8. Mr. KITTANI (Secretary of the Committee) stated that Algeria was not pressing those of its amendments (A/C.2/L.942) to draft resolution A/C.2/L.931 which had not been taken into account in the revised version of the draft. The United Kingdom's first amendment in document A/C.2/L.938 had been accepted by the sponsors and included in the revised version. Thus only the second, third and fourth United Kingdom amendments in that document remained to be voted on.

9. The CHAIRMAN put to the vote the second, third and fourth amendments submitted by the United Kingdom (A/C.2/L.938) to the revised version of document A/C.2/L.931.

The second amendment was rejected by 48 votes to 16, with 14 abstentions.

The third amendment was rejected by 53 votes to 6, with 22 abstentions.

The fourth amendment was rejected by 52 votes to 9, with 16 abstentions.

10. The CHAIRMAN stated that Turkey was no longer a sponsor of the revised draft resolution and that Yugoslavia had become a sponsor; he put the revised draft resolution (A/C.2/L.931/Rev.1) to the vote.

The revised draft resolution was adopted by 75 votes to none, with 7 abstentions.

11. The CHAIRMAN, after having stated that Ghana and Poland had joined the sponsors of draft resolution A/C.2/L.940/Rev.1, put to the vote the amendments submitted by Malta (A/C.2/L.945).

The first amendment was rejected by 56 votes to 3, with 21 abstentions.

The second amendment was rejected by 69 votes to 2, with 13 abstentions.

The third amendment was rejected by 59 votes to 4, with 15 abstentions.

The fourth amendment was rejected by 70 votes to 3, with 7 abstentions.

The revised draft resolution (A/C.2/L.940/Rev.1) was adopted by 82 votes to none, with 1 abstention.

AGENDA ITEM 41

Activities in the field of industrial development (*continued*)*:

(b) Report of the Ad Hoc Committee on the United Nations Organization for Industrial Development (continued)* (A/6369 and Add.1 and 2, A/6468 and Add.1, A/6473 and Add.1 A/6474 and Add.1, A/6489 and Add.1, A/6531 and Add.1, A/6548, A/C.2/232, A/C.2/L.935)

12. Mr. SAHLOUL (Sudan) said that there had seemed to be general agreement at the previous meeting that the vote concerning the headquarters of the United Nations Industrial Development Organization (UNIDO) should be chosen by secret ballot. After consultation with other delegations, he proposed the following procedure. The Committee would hold three elimination ballots, the candidate with the lowest number of votes being eliminated in the first ballot, the two remaining candidates with the lowest number of votes being eliminated in the second and the two remaining candidates with the lowest number of votes being eliminated in the third. The Committee would then hold three further ballots in an attempt to select a candidate from those remaining by an absolute majority of members present and voting. If it was unsuccessful, a seventh and final ballot would be held to select a site from among all the original candidates by a simple majority. If at any state in the balloting a candidate received an absolute majority, it would win.

13. Mr. ALACAM (Turkey) supported that proposal.

14. The CHAIRMAN said he took it that the voting would be by secret ballot.

It was so decided.

15. Mr. MURAYA (Kenya) said that it was not entirely clear to him what the representative of Sudan meant by an absolute majority of those present and voting. As he understood it, an absolute majority would be sixty-one members out of 120.

16. Mr. CHAMMAS (Lebanon) said that an absolute majority did not mean an absolute majority of the total membership of the United Nations, but an absolute majority of those members present and voting. If, for example, 100 members were present and ten abstained from voting, an absolute majority would be one half of ninety, plus one.

17. Mr. VÍAUD (France) pointed out that rule 126 of the rules of procedure of the General Assembly provided that decisions in the Committees of the General Assembly should be made by a majority of the members present and voting. The Sudanese proposal was the one best adapted to the Committee's regular rules and was therefore acceptable to his delegation.

18. Mr. MURAYA (Kenya) felt strongly that the voting should be by absolute majority, namely, one half of the membership of the United Nations, plus one.

19. Mr. MALECELA (United Republic of Tanzania) and Mr. WODAJJO (Ethiopia) endorsed that view.

*Resumed from the 1097th meeting.

20. Mr. LUTCHMAN (Trinidad and Tobago) regretted to have to inform the Committee that his Government felt compelled to withdraw its offer to provide a site for UNIDO. He hoped that a decision concerning the site could be taken at the present session of the General Assembly, and his delegation would support the candidature of Kenya.

21. Mr. BRADLEY (Argentina) formally proposed that the Committee should vote on the question whether its decision concerning the future site of UNIDO should be taken by an absolute or a simple majority.

22. Mr. WOULBROUN (Belgium) favoured the voting procedure proposed by the representative of Sudan.

23. Mr. DELGADO (Senegal) said that the Committee seemed to find itself in an impasse; a decision concerning the future site of UNIDO ought to be taken at the present session, but members were unable to agree whether that decision should be taken by a simple or an absolute majority. His delegation hoped that the question could be decided by an absolute majority, but if more than three ballots were taken, the final decision could be by a simple majority.

24. Mr. N'GUESSAN (Ivory Coast) said that his delegation was opposed to any insistence on an absolute majority. In its opinion, the Committee should abide by the provisions of rule 126 of the rules of procedure of the General Assembly.

25. Mr. LORENZO FERNANDEZ (Brazil), speaking on a point of order, said that the Committee had before it a formal proposal by the representative of Argentina and should vote on it.

26. Mr. AHMED (Pakistan) agreed with the position taken by the representative of the United Republic of Tanzania, but was inclined to support the Sudanese proposal, since it would avoid the necessity of taking an indefinite number of ballots.

27. Mr. POLIT (Ecuador) thought that the selection of the UNIDO site should be made by a majority of the members present and voting. As the question was so important, all members should be present for the vote and should not abstain from voting. Sites receiving less than fifteen votes on the first ballot should be eliminated.

28. Mr. DJOUDI (Algeria) suggested that the question on which the Argentine representative had requested a vote should be reworded as follows: would the Committee adhere to, or derogate from, rule 126 of the rules of procedure of the General Assembly.

29. Mr. NATORF (Poland) formally proposed that the Committee should decide to hold three votes eliminating five sites, as the Sudanese representative had suggested, then three votes between the two remaining sites to be decided by an absolute majority, and, if no decision had yet been reached, a final vote between the two remaining sites decided by a simple majority.

30. Mr. VIAUD (France), supported by Mr. BRADLEY (Argentina), requested that the Legal Council be asked to advise the Committee whether it had the authority to depart from rule 126 with regard to the selection of the UNIDO site.

31. Mr. WILMOT (Ghana) said that no legal opinion was needed, since the Committee's decision on the selection of the site would be in the form of a recommendation to the General Assembly, which could approve or reject the decision, including the procedure by which it had been reached.

32. Mr. BLAU (United States of America) suggested that the Legal Counsel should also be asked whether the Committee had the authority to adopt the procedure of the secret ballot, which was not provided for in the rules of procedure.

33. Mr. CHAMMAS (Lebanon) agreed with the Ghanaian representative that there was no need to consult the Legal Counsel. However, the Committee should take a formal decision to suspend the operation of the rules of procedure for the purpose of selecting the UNIDO site. He supported the Polish proposal on the form of the vote.

34. Mr. LUTCHMAN (Trinidad and Tobago) pointed out that the method of amending the rules of procedure was laid down in rule 164. If it adhered to the simple majority rule, the Committee would not need to resort to that method.

35. Mr. GALLARDO MORENO (Mexico) remarked that since the Secretary-General had been unable, for lack of information, to make precise estimates of the level of costs likely to be incurred for each of the sites under consideration, the decision on selection of the site should not be taken until that information was available.

36. Mr. Shen-fu CHANG (China) moved the adjournment of the meeting.

The motion was adopted.

The meeting rose at 11.45 p.m.

United Nations
**GENERAL
ASSEMBLY**

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1102nd
MEETING**

Wednesday, 14 December 1966,
at 10.50 a.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 12

Report of the Economic and Social Council (A/6303, chap. II-IX, X (sect. II), XII, XIII (sect. II-VII), XIV and XV; A/6303/Add.1, chap. I-IV, A/C.2/L.946, A/C.2/L.947)

CONSIDERATION OF THE DRAFT RESOLUTIONS ENTITLED "COMMITTEE FOR DEVELOPMENT PLANNING" (A/C.2/L.946) AND "SCIENCE AND TECHNOLOGY" (A/C.2/L.947)

1. The CHAIRMAN invited the Committee to consider draft resolutions A/C.2/L.946 and A/C.2/L.947 submitted by the Chilean delegation.

2. In the absence of the Chilean representative, he proposed that the meeting should be suspended.

It was so decided.

The meeting was suspended at 10.55 a.m. and resumed at 11.20 a.m.

3. Mr. PIÑERA (Chile), introducing the two draft resolutions, said that his country took a keen interest in the activities of the Committee for Development Planning and of the Advisory Committee on the Application of Science and Technology to Development.

4. In the near future, planning efforts would have to be extended to the whole world, not with a view to imposing a rigid global plan, but so as to follow up the progress of planning on a national scale and thus contribute to the development of the world economy and trade. As the Economic and Social Council had already examined, at its forty-first session, the work of the Committee for Development Planning, the General Assembly should also, by adopting draft resolution A/C.2/L.946, take the opportunity of expressing its interest in the work of that Committee, which had begun to function only during the current year and

which had been referred to by the Under-Secretary for Economic and Social Affairs at the beginning of the session (1023rd meeting).

5. By adopting draft resolution A/C.2/L.947, the General Assembly would show its permanent interest in the work of the Advisory Committee on the Application of Science and Technology to Development and would encourage the efforts of that Committee on behalf of the developing countries. Everything seemed to indicate that, in the future, science and technology in the service of all countries would have the last word in matters of development, although at the present time they seemed to be working to the disadvantage of the developing countries.

6. The two draft resolutions were based on resolutions adopted by the Economic and Social Council, and he was prepared to discuss any amendments to them which might be submitted.

7. Mr. BLAU (United States of America) said that he wondered whether it was appropriate to submit the two draft resolutions at a time when the Second Committee was not able to give them all the attention they deserved. The two Committees to which they referred were subsidiary bodies of the Economic and Social Council. At the forty-first session of the Council, the Administrative Committee on Co-ordination had spent several weeks discussing science and technology the results of which were set out in Council resolution 1155 (XLI). At the same session, the Economic Committee of the Council had devoted many meetings to technical, administrative and financial questions of concern to the Committee for Development Planning. The two draft resolutions took note only very briefly of the relevant Economic and Social Council resolutions. Moreover, in the third preambular paragraph of draft resolution A/C.2/L.946, mention was made of something which the Council had not done, namely, it had not approved the terms of reference of the Committee for Development Planning because some delegations, including that of the United States, had been of the opinion that it was premature to take a decision concerning that Committee's terms of reference, whereas other delegations took the point of view that the Committee was free to adopt its own terms of reference.

8. The Second Committee was, indeed, free to act as it saw fit but would find it difficult to come to a decision speedily on two draft resolutions which no one had had the time to study thoroughly, whereas the two questions with which those draft resolutions were concerned were ones on which detailed resolutions had been adopted by the Economic and Social Council. As the Second Committee did not have the time to

examine all the relevant Council resolutions and determine their relationship to the draft proposals, the adoption of the two draft resolutions under consideration would add nothing; they would merely create confusion without achieving any useful aim. The most the Assembly should do would be to endorse the two Council resolutions.

9. Mr. INGRAM (Australia) said that the application of science and technology to development was a subject of particular interest to the Australian Government, which had submitted a draft resolution on that subject at the twentieth session (976th meeting). In view of its considerable importance, the question deserved careful study by the General Assembly, and it would have been preferable if the two draft resolutions had been brought before the Second Committee at the beginning of the session.

10. The Australian delegation, which was not a member of the Economic and Social Council, would have liked to be able to study the relationship between draft resolution A/C.2/L.947 and Council resolution 1155 (XLI), which was mentioned in the fourth preambular paragraph of the draft resolution. In fact, an operative paragraph should be devoted to that important Economic and Social Council resolution. Furthermore, in the third preambular paragraph of the draft resolution there was no mention of the action of inter-governmental organizations, many of which were playing an important role in the application of science and technology to development. Finally, many ideas contained in the operative part of the draft resolution already appeared in the Council resolution. Generally speaking, it was perhaps not essential to submit a draft resolution expressed in such terms at such a late stage in the Second Committee's work, even though there was some merit in noting the constructive work being done by the Advisory Committee on the Application of Science and Technology to Development and the importance of its activities for the developing countries.

11. The same considerations applied to draft resolution A/C.2/L.946, which concerned one of the most important events in the economic and social activities of the United Nations in recent years. There should, however, have been an opportunity to examine that draft resolution at some length.

12. Mr. GALLARDO MORENO (Mexico) considered that the two draft resolutions were very important and deserved thorough study, although that was impossible so late in the session. Moreover, many of the points with which they dealt had already been the subject of Economic and Social Council resolutions. In order that the Committee might be able to continue its deliberations on the site of the headquarters of the United Nations Industrial Development Organization (UNIDO), he asked the Chilean representative to withdraw his two draft resolutions for the moment and to submit them again at the next session of the General Assembly.

13. Mr. NEDIVI (Israel) joined with the previous speakers in requesting the representative of Chile to withdraw his two draft resolutions for the moment. He said that he had no fundamental objection to the draft resolution concerning the Advisory Committee

on the Application of Science and Technology to Development. However, with regard to operative paragraph 1 of draft resolution A/C.2/L.946, he recalled the objections he had voiced the previous day (1100th meeting) during the discussion on the United Nations Development Decade, and pointed out that there was no mention of what was really the most crucial question, namely, the provision of aid to the developing countries. In any event, the Committee did not have time to consider all aspects of the two draft resolutions.

14. Mr. DJOUDI (Algeria) recalled that the deliberations at the forty-first session of the Economic and Social Council, which had led to the adoption of Council resolution 1155 (XLI), had not met all expectations but had nevertheless represented a sincere effort towards the preparation of a plan of action for the next five years. Draft resolution A/C.2/L.947 was actually a step backwards in relation to Council resolution 1155 (XLI), for it made no reference to the third report of the Advisory Committee on the Application of Science and Technology to Development^{1/} or to its World Plan of Action. In view of the limited time at the Second Committee's disposal, it would no doubt be practically impossible to submit amendments to rectify that omission.

15. As to draft resolution A/C.2/L.946, its scope was rather narrow by comparison with the programme of the Committee for Development Planning, for only certain very limited aspects of that programme were mentioned. The only point which might induce his delegation to support that draft resolution was the proposal, in operative paragraph 4, that the forthcoming session of the Committee for Development Planning should be held in a developing region, and more specifically at Santiago, Chile.

16. Mr. PISANI MASSAMORMILE (Italy) thanked the representative of Chile for submitting the two draft resolutions. That initiative was of especial value for the States not represented on the Economic and Social Council, for, even if the Second Committee did not have time to examine the draft resolutions and take a decision on them, its attention had been drawn to the importance of the two Committees in question.

17. Mr. BELEOKEN (Cameroon) said that the two draft resolutions submitted by the Chilean delegation had just come to his attention, and he regarded the questions which they dealt with as of great importance, especially for the developing countries. His delegation, as was undoubtedly true of others, would be unable to state its views on the draft resolutions immediately, and he therefore thought the Second Committee would be well advised to defer consideration of them to a later meeting or even to the next session of the General Assembly. At all events, although he did not wish to make a formal proposal, he suggested that the Committee should now proceed to consider the next item on its agenda.

18. Mr. PIÑERA (Chile) said he realized that the limited time at the Committee's disposal would probably not permit it to proceed to a careful con-

^{1/} Official Records of the Economic and Social Council, Forty-first Session, Supplement No. 12.

sideration of the two draft resolutions he had submitted, and he therefore withdrew them. He nevertheless reserved the right of his delegation to submit them at the next session, for in its opinion the fact that the Economic and Social Council, which comprised only twenty-seven members, had considered both questions thoroughly at its forty-first session could not in any way prevent the Second Committee from taking them up in its turn.

19. He asked that the Committee's report and the record of its proceedings should mention the interest shown by certain delegations in the two draft resolutions, which it had not been possible to consider thoroughly owing to lack of time.

20. The CHAIRMAN suggested that the Committee should conclude its consideration of the item on the understanding that account would be taken of the Chilean representative's request in the drafting of the Committee's report.

It was so decided.

AGENDA ITEM 41

Activities in the field of industrial development (continued):

(b) Report of the Ad Hoc Committee on the United Nations Organization for Industrial Development (continued) (A/6369 and Add.1 and 2, A/6468 and Add.1, A/6473 and Add.1, A/6474 and Add.1, A/6504, A/6531 and Add.1, A/6548, A/C.2/232, A/C.2/L.935)

21. The CHAIRMAN suggested that the meeting should be suspended for a short time pending the arrival of the Legal Counsel, who was to provide the Committee with some information on points of procedure.

It was so decided.

The meeting was suspended at 12 noon and resumed at 12.15 p.m.

22. Mr. CHAMMAS (Lebanon) said that he wished to make clear his delegation's position on the possible suspension of the application of rule 126 of the rules of procedure of the General Assembly, namely, that the Committee had no authority to suspend the application of any of the rules of procedure because that would amount to an amendment of the rules. No such amendment was, however, possible except in accordance with the provisions of rule 164.

23. Mr. STAVROPOULOS (Legal Counsel) recalled that the French delegation had asked whether the Committee was legally entitled to take a decision by an absolute majority of the members of the General Assembly and that the United States delegation had raised the question whether the Committee was legally entitled to take a vote by secret ballot.

24. He pointed out that the essential purpose of rules of procedure was to ensure orderly proceedings and to protect the interests of the minority. They could be amended, or their application could be suspended, the latter procedure being equivalent to the adoption by the Committee of special provisions. Nevertheless, unlike the rules of procedure of certain other organs of the United Nations, the rules of

procedure of the General Assembly contained no provision for their suspension. Thus the Committee had no authority to decide, on the basis of a vote, to suspend the application of any rule of the rules of procedure. On the other hand, he considered that it might do so by virtue of a general agreement among its members, since the two essential purposes of the rules of procedure—orderly proceedings and protection of the interests of the minority—would thus be fulfilled. In practice, the application of certain of the rules of procedure was often suspended by common accord, as in the case, for example, of the election of the President of the General Assembly, which had never taken place by secret ballot.

25. Mr. WILMOT (Ghana) asked how, in those circumstances, the Committee could proceed if a delegation contested its decision to vote by secret ballot.

26. Mr. STAVROPOULOS (Legal Counsel) replied that, in such a case, the Committee could not decide by a vote to proceed to a secret ballot. On the other hand, if the decision was taken by common accord, it could then apply, *mutatis mutandis*, to the selection of the site of UNIDO headquarters, rule 95 of the rules of procedure of the General Assembly relating to the election of a person or Member.

27. Mr. BLAU (United States of America) pointed out that by taking a decision to vote by secret ballot on the site of UNIDO headquarters, in spite of the fact that the rules of procedure provided for a secret ballot only in the case of the election of persons, the Committee had created a new situation which required the adoption of a new procedure. He asked whether the Legal Counsel considered that the Committee was competent to decide on that new procedure by virtue of a majority vote.

28. Mr. STAVROPOULOS (Legal Counsel) said he thought that he could reply in the affirmative, since, as the rules of procedure did not contain any rule which was applicable to the selection of a site, there would be no question of suspending the application of one of the rules.

29. Mr. CHAMMAS (Lebanon) said that the Legal Counsel had dispelled any possible remaining doubts on the question of the validity of a decision taken by the Committee by common accord to proceed to a secret ballot.

30. The question was now whether the Committee could decide to choose the site of UNIDO headquarters by the vote of an absolute majority of the members of the General Assembly, whereas rule 126 of the rules of procedure of the General Assembly provided that decisions in the Committees should be made by a majority of the members present and voting.

31. Mr. STAVROPOULOS (Legal Counsel) said that such a decision would violate the provisions of rule 126, unless the Committee decided by common accord to suspend the application of that rule.

32. Mr. WILMOT (Ghana) said that the rules of procedure did not contain any provision which was applicable to the selection of a headquarters site. The rules mentioned related to the election of persons. Thus, the Committee was free to adopt a new body of rules. He asked whether the Legal Counsel agreed

with that view and whether the rules in question could be established by common accord or whether a vote must be taken.

33. Mr. STAVROPOULOS (Legal Counsel) said that rule 126 of the rules of procedure of the General Assembly, which applied to all the decisions of the Committees of the General Assembly, could not be suspended except by common accord.

34. Mr. LAI (Malaysia) said that he agreed with the Legal Counsel that in the circumstances there could be no question of suspending any of the rules of procedure. However, the authors of the rules of procedure had not provided for the situation now faced by the Committee, which did not have to decide on a proposal and thus did not have to take a decision under rule 126. He asked whether it would be legally permissible to adopt *ad hoc* arrangements.

35. Mr. VIAUD (France) recalled that at the end of the previous meeting it had seemed possible that an agreement could be reached. The discussion should not be allowed to become too theoretical but should focus on the practical aspects of the problem. The Committee had decided to hold a vote by secret ballot. What remained to be settled was the question of the majority and the methods to be used for the successive elimination of the candidates. His delegation considered that rule 126 should be applied to the question of the majority. He left the question of the elimination procedure to the judgement of the Committee. One proposal had been to apply successively the rule of absolute majority and that of simple majority. He asked whether, if the final decision was taken by a majority of the members present and voting, the Committee would be held to have departed from the rules of procedure in following a different procedure in the course of the successive eliminations.

36. Mr. STAVROPOULOS (Legal Counsel) said that any decision which was adopted unanimously was acceptable. It was, however, dangerous to tamper with the rules of procedure, which were designed to protect the interests of the minority.

37. Mr. WALDRON-RAMSEY (United Republic of Tanzania) said he did not consider that rule 126 could be applied to the new situation created by the decision to hold a vote by secret ballot. Rule 94 could not be invoked in that connexion, as it related to the election of persons. Having decided that, the Committee could not be bound by rule 126. The latter rule, without being suspended, was thus not applicable, and a completely new procedure would have to be worked out for a situation which was itself completely new. An agreement seemed in sight, moreover, on the procedure mentioned by the representative of France.

38. Mr. CHAMMAS (Lebanon), speaking on a point of order, said that the various delegations were supposed to be seeking clarification from the Legal

Counsel, and not to be considering the substance of the question.

39. Mr. WALDRON-RAMSEY (United Republic of Tanzania) said that his delegation did not consider the presence of the Legal Counsel necessary. The position of the Legal Counsel had already been made known, and he had said that he was not prepared to modify it.

40. The CHAIRMAN recalled that the Legal Counsel was present at the Committee's deliberations at the latter's express invitation.

41. Mr. IDZUMBUIR (Democratic Republic of the Congo) thanked the Legal Counsel for the explanations he had given the Committee. Certain representatives had asserted that there was no known provision in the rules of procedure which applied to the selection of the headquarters site of an international organization. It was obvious that the decision in that case came under the general provisions of the rules of procedure and hence of rule 126. He could not endorse the argument that there would not be any question of a decision in the strict sense of the term. The adoption of a particular procedure, requested orally, must be the subject of a decision under rule 126. In the absence of any unanimously accepted solution, recourse to the rules of procedure was the only feasible course.

42. Mr. WILMOT (Ghana) said that the Committee had agreed in recognizing that the provisions of the rules of procedure mentioned applied only to the election of persons. The decision to take a vote by secret ballot proved that the whole question under consideration entailed a special procedure. It therefore remained to determine how that procedure was to be worked out.

43. Mr. STAVROPOULOS (Legal Counsel) admitted that no rule of the rules of procedure related to the choice of the site of an organization's headquarters, although the General Assembly had already had to take a similar decision. Rule 126 was therefore applicable, whatever meaning was given to the word "decision".

44. Mr. RAHNEMA (Iran) recalled that when choosing the headquarters of the United Nations Conference on Trade and Development (UNCTAD), the Governing Council had, on his delegation's proposal, taken a vote by secret ballot. Rule 126 of the rules of procedure of the General Assembly applied to all decisions in the Committees of the General Assembly. In the absence of any specific provisions, any procedure should be based on the existing rules of procedure. In that connexion, rule 133 might be applied to the elimination of the candidates if the Committee unanimously so decided.

45. Mr. LORENZO FERNANDEZ (Brazil), speaking on a point of order, moved the adjournment of the meeting.

It was so decided.

The meeting rose at 1.10 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1103rd
MEETING

Wednesday, 14 December 1966,
at 3.35 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 47

World campaign for universal literacy (concluded)
ADOPTION OF THE DRAFT REPORT OF THE
COMMITTEE (A/C.2/L.943)

1. Mr. REISCH (Austria), Rapporteur, introduced the Committee's draft report on item 47.

The draft report (A/C.2/L.943) was adopted.

AGENDA ITEM 41

Activities in the field of industrial development (continued):

(b) Report of the Ad Hoc Committee on the United Nations Organization for Industrial Development (continued) (A/6369 and Add.1 and 2, A/6468 and Add.1, A/6473 and Add.1, A/6474 and Add.1, A/6504, A/6531 and Add.1, A/6548, A/C.2/232, A/C.2/L.935, A/C.2/L.948)

2. Mr. Donald MACDONALD (Canada) said that during the discussion he had raised several questions concerning the financial implications of establishing the United Nations Industrial Development Organization (UNIDO) headquarters away from New York. He hoped that the Secretariat could now reply.

3. Mr. ABDEL-RAHMAN (Executive Director of the United Nations Industrial Development Organization), speaking on behalf of the Secretary-General, pointed out that the financial implications of the various sites were to be found in document A/C.2/L.935. He drew attention, in particular, to the first sentence of paragraph 9 of that document. While the site of UNIDO headquarters might be important for individual experts, it was difficult to assess the influence of that factor on the recruitment of experts as a whole. If the headquarters were established outside New York, it would probably be necessary to set up a liaison office to maintain working relationships with such bodies as

the United Nations Development Programme, the Department of Economic and Social Affairs and the financial institutions at Washington. It was too early to say how much such a liaison office would cost; that would depend on the scope and volume of the work programme of the Industrial Development Board and the amount of co-ordination necessary between UNIDO and other organs. The financial implications of the liaison office would also depend on the specific site chosen for UNIDO headquarters.

4. The Secretary-General was satisfied that UNIDO could be established in New York or Geneva if the General Assembly so decided. If UNIDO were set up in other cities, there might be some temporary dislocation, as explained in document A/C.2/L.935, but no major difficulties could be expected. The Secretary-General was reluctant to express any views on the desirability of centralizing United Nations bodies in the areas of New York and Geneva; he felt that that was a policy decision to be taken by States Members in the best interests of the United Nations as a whole.

5. Mr. Donald MACDONALD (Canada) thought that the replies given by the Executive Director were unsatisfactory. The Office of Personnel had been recruiting experts for some time and could surely have made some estimate of the influence on such recruitment of the various sites proposed for UNIDO. Similarly, other United Nations bodies had established liaison offices in New York and the Secretariat could easily have given the Committee the results of its experience in that particular matter. Furthermore, the Secretary-General had already pointed out in his foreword to the budget estimates for the financial year 1967 that substantive arms of the Secretariat could not operate effectively in isolation from the central administrative, conference and general services on which they depended.^{1/} It was regrettable, therefore, that the Secretary-General had not seen fit to provide the Committee with more information about the implications of the various sites.

6. Mr. BELEOKEN (Cameroon) stressed that the Committee had all the necessary facts at its disposal, had agreed to decide on the matter at the present session, and should therefore decide on the necessary voting procedure.

7. Mr. KITTANI (Secretary of the Committee) read out the provisional text of a proposal put forward by the delegation of Lebanon for the voting procedure to be adopted by the Committee.

8. Mr. PIÑERA (Chile) felt that the idea of an absolute majority in the Lebanese text should be

^{1/} See Official Records of the General Assembly, Twenty-first Session, Supplement No. 5, para. 20.

clarified and that, in the event of a tie during any stage of the voting proceedings, further restricted ballots should be held rather than lots drawn by the Chairman.

9. Sir Edward WARNER (United Kingdom) said that the final decision on the site of UNIDO would have to be conditional on the adoption of a satisfactory headquarters agreement and on an undertaking by the host country to offset the additional cost of establishing UNIDO away from New York. He assumed that an additional paragraph making that point clear would be inserted in the Committee's report.

10. Mr. RAHNEMA (Iran) said that lots should not be drawn at any stage in such an important matter. He therefore suggested that paragraph VIII should be re-drafted so that a tie vote could be resolved by a further restricted ballot rather than by drawing lots.

11. Mr. WILMOT (Ghana) supported that suggestion. The words "majority of votes of those present and voting" in paragraph VII should be clearly defined, perhaps in a foot-note, and since there would be no possibility of abstaining, the last half of that phrase might be replaced by the words "majority of votes of those present and casting valid votes".

12. Mr. CHAMMAS (Lebanon) said that if further lengthy procedural discussion, both in the Committee and in plenary, was to be avoided, it was essential that the Committee should be unanimous. Hence, if at any time it appeared that no consensus was emerging, his delegation's proposal would immediately be withdrawn; on the other hand, his delegation was prepared to incorporate any changes which had the support of the Committee as a whole.

13. Although Article 10 of the Statute of the International Court of Justice referred to "an absolute majority of votes", that expression did not appear in the United Nations Charter: the figure sixty-two had therefore been included in paragraph IV in order to make the point quite clear. His delegation was prepared to accept the Iranian suggestion, although it felt that the drawing of lots would be the best way of avoiding interminable balloting. Likewise, paragraph VII could be changed in accordance with the suggestion of the Ghanaian representative, although the words "present and voting" seemed sufficient to exclude those casting invalid ballots.

14. Mr. VARELA (Panama) said that the Committee should end the procedural discussion and vote in accordance with its rules of procedure, since it appeared highly unlikely that any consensus on a different procedure would emerge. Panama opposed any proposal which was not in accordance with the rules of procedure.

15. Mr. MALECELA (United Republic of Tanzania) hoped that too much importance would not be attached to the matter of a financial contribution by the host Government. The developing countries, many of which had formerly suffered long years of colonial exploitation, already had very heavy financial burdens to carry. In the matter of diplomatic immunity, it could be assumed that the host Government would assume the diplomatic responsibilities incumbent upon it.

16. By its decision to hold a secret ballot and to adopt a procedure of elimination, the Committee had already shown that it did not wish to decide the question at issue in accordance with the normal rules of procedure. He therefore urged representatives to reach a consensus on the Lebanese proposal as speedily as possible.

17. Mr. ISSAKA (Togo) proposed the suspension of the meeting in order to allow informal discussions on the Lebanese proposal.

The meeting was suspended at 5.5 p.m. and resumed at 5.30 p.m.

18. Mr. CHAMMAS (Lebanon) said that following informal consultations, his delegation had made a number of changes in its proposal. Paragraphs VII and VIII of the amended text (A/C.2/L.948) provided for further ballots rather than the drawing of lots in the case of tie-votes. Paragraph IV no longer referred to the number of votes constituting an absolute majority, and it was made clear in the following paragraph that the fourth ballot would also be on the basis of an absolute majority.

19. Mr. VARELA (Panama) said that his delegation would withdraw its opposition to the proposal in the interest of achieving a consensus. If, however, any other delegation raised any objections, it reserved the right to reaffirm its earlier opposition.

20. Mr. FERNANDINI (Peru), supported by Mr. PIÑERA (Chile) and Mr. DELGADO (Senegal), proposed that the Committee should close the debate and proceed in accordance with the revised Lebanese proposal.

21. The CHAIRMAN said that if he heard no objection he would consider that the Committee approved the procedure contained in document A/C.2/L.948.

It was so decided.

22. After a brief procedural discussion, Mr. NATORF (Poland) moved the adjournment of the meeting under rule 119 of the rules of procedure of the General Assembly.

The motion was adopted by 45 votes to 36, with 19 abstentions.

The meeting rose at 6.10 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

Official Records



SECOND COMMITTEE, 1104th
MEETING

Thursday, 15 December 1966,
at 11.20 a.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

Tribute to the memory of Mr. Víctor Andrés Belaúnde, Chairman of the Peruvian Delegation

1. The CHAIRMAN announced the death of Mr. Víctor Andrés Belaúnde, a former President of the General Assembly and Permanent Representative of Peru to the United Nations. He was sure that he was speaking for the Committee in expressing sincere condolences to the Peruvian delegation on that sad occurrence. The United Nations had suffered a grievous loss through the death of a great advocate of international peace, who had played an active part in the establishment and the work of the Organization.

2. Mr. Patrick SOLOMON (Trinidad and Tobago), speaking on behalf of his delegation and other Latin American delegations, paid a tribute to the memory of the friend those countries had lost. His death was a loss not only to his own country, but to the United Nations and the world as a whole, in which there were unfortunately few like him. The diplomatic career which Mr. Belaúnde, a signatory of the United Nations Charter, a former Peruvian Minister for Foreign Affairs and President of the General Assembly in 1959, had followed at the United Nations since its establishment had been marked by skill as well as by charm and dignity. With his death, the world had lost a great statesman. The sympathy of his own delegation and that of other Latin American delegations went out to Mr. Belaúnde's family and his country, and to the Peruvian delegation.

3. Mr. PIÑERA (Chile) expressed his deep sorrow at the death of one who could be called a true "partisan" and who, a few hours before his death, had still been fighting for the maintenance of peace. His unshakable faith in the United Nations had been sustained by seemingly eternal youth. His great esteem for Mr. Belaúnde was shared by all those whom he had held dear.

4. He proposed that the Committee should observe one minute's silence in tribute to Mr. Belaúnde's memory before resuming its work.

5. Mr. POLIT (Ecuador) said that he had been privileged to hear Mr. Belaúnde's last statement. He expressed to Mr. Belaúnde's family and to the Peruvian representative the sorrow of his delegation at the loss of an intelligent, gifted and warm-hearted man, who had been universally respected at the United Nations. He hoped that the great tradition of fighting for the right cause which Mr. Belaúnde had left behind would be continued by other equally eminent men.

6. Mr. FERNANDINI (Peru) thanked the members of the Committee for their expressions of sympathy to his country on the loss it had just sustained. His own grief was profound, because Mr. Belaúnde had been a teacher and almost a father to him.

On the proposal of the Chairman, the members of the Committee observed a minute's silence in tribute to the memory of Mr. Víctor Andrés Belaúnde.

AGENDA ITEM 41

Activities in the field of industrial development (continued):

(b) *Report of the Ad Hoc Committee on the United Nations Organization for Industrial Development (continued)* (A/6369 and Add.1 and 2, A/6468 and Add.1, A/6473 and Add.1, A/6474 and Add.1, A/6504, A/6531 and Add.1, A/6548, A/C.2/232, A/C.2/L.935, A/C.2/L.948)

7. The CHAIRMAN invited the Committee, in accordance with the procedure proposed by the Lebanese delegation (A/C.2/L.948) and adopted at the previous meeting, to select one of the following cities as the site for the headquarters of the United Nations Industrial Development Organization (UNIDO): Vienna (Austria), New York (United States of America), Paris (France), Athens (Greece), Nairobi (Kenya), Geneva (Switzerland) and Istanbul (Turkey). To be valid, ballot papers should bear the name of only one of those cities or countries.

8. Mr. GALLARDO MORENO (Mexico), speaking on a point of order, said that, as he had already pointed out (1101st meeting), an important factor was still needed for the Committee to make a decision. The Secretary-General's statement of financial implications (A/C.2/L.935) had been drawn up, as stated in paragraph 9, without certain information from Governments which had offered to serve as host to the new organization, and the Mexican delegation wished to know if further information on that matter had been received since the statement had been published.

9. Mr. MALECELA (United Republic of Tanzania) said that he appreciated the Mexican representative's concern, but pointed out that the Chairman had announced that the vote would begin. The only points of order which could be raised under rule 129 of the rules of procedure of the General Assembly therefore were those relating to the voting itself.

10. The CHAIRMAN said that the representative of the United Republic of Tanzania was correct and pointed out to the Mexican representative that the sponsors of the draft resolution tabled with the Secretariat, which included Mexico, had agreed that the draft should be discussed after the vote.

11. Mr. GALLARDO MORENO (Mexico) said that he was merely reaffirming a comment he had already made. He would bow to the Chairman's decision, but wished to emphasize that the Committee would be proceeding to a vote without a knowledge of all the factors required to make a choice.

12. The CHAIRMAN said that rule 129 of the rules of procedure was applicable. He would consult the Committee if the Mexican representative challenged his decision.

13. Mr. FRANZI (Italy) said that he wished note to be taken of the fact that the Committee was going to take a decision without adequate consideration of the financial and administrative implications of the offers that had been made.

14. The CHAIRMAN ruled the Italian representative's statement out of order. The Mexican representative had stated his readiness to conform to the Chairman's decision and he therefore suggested that the Committee should proceed to a vote.

It was so decided.

At the invitation of the Chairman, Mr. Uggeldahl (Finland) and Mr. Arnautu (Romania) acted as tellers.

A first vote was taken by secret ballot, in accordance with paragraph I of the Lebanese proposal (A/C.2/L.948).

Number of ballot papers:	117
Invalid ballots:	1
Valid ballots:	116

<i>Number of votes obtained:</i>	
Paris	30
Nairobi	26
Vienna	24
New York	19
Istanbul	12
Geneva	3
Athens	2

Having obtained the least number of votes, Athens was eliminated.

A second vote was taken by secret ballot, in accordance with paragraph II of the Lebanese proposal (A/C.2/L.948).

Number of ballot papers:	118
Invalid ballots:	0
Valid ballots:	118

<i>Number of votes obtained:</i>	
Paris	35

Vienna	31
Nairobi	27
New York	15
Istanbul	8
Geneva	2

Having obtained the least number of votes, Istanbul and Geneva were eliminated.

15. Mr. ROOSEVELT (United States of America), speaking with the Committee's consent on a point of order, said that his delegation withdrew its offer of New York as the permanent headquarters of UNIDO.

16. Mr. PIÑERA (Chile), supported by Mr. DELGADO (Senegal), pointed out that New York and Geneva had been included as possible headquarters for UNIDO by virtue of their status as United Nations Headquarters and European Office, respectively.

17. The CHAIRMAN suggested that the United States representative should withdraw his proposal in order to avoid a long procedural discussion.

18. Mr. ROOSEVELT (United States of America) withdrew his proposal.

A third vote was taken by secret ballot, in accordance with paragraph III of the Lebanese proposal (A/C.2/L.948).

Number of ballot papers:	119
Invalid ballots:	0
Valid ballots:	119

<i>Number of votes obtained:</i>	
Vienna	48
Paris	36
Nairobi	33
New York	2

Having obtained the least number of votes, Nairobi and New York were eliminated.

A fourth vote was taken by secret ballot, in accordance with paragraph V of the Lebanese proposal (A/C.2/L.948).

Number of ballot papers:	119
Invalid ballots:	0
Valid ballots:	119
Absolute majority required:	62

<i>Number of votes obtained:</i>	
Vienna	72
Paris	47

Having obtained the required majority, Vienna was chosen as the site to be recommended to the General Assembly for the permanent headquarters of UNIDO.

19. The CHAIRMAN again thanked all the Governments which had offered to serve as host to UNIDO.

20. Mr. VIAUD (France) extended his delegation's congratulations to the Austrian delegation on its outstanding success.

21. Mr. WALDHEIM (Austria) thanked the members of the Committee for the regard they had just shown for his country and assured them that his Government would do everything it could to enable UNIDO to do its work in the best possible conditions.

The meeting rose at 1 p.m.

United Nations GENERAL ASSEMBLY

TWENTY-FIRST SESSION

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**SECOND COMMITTEE, 1105th
MEETING**

(Closing meeting)

Thursday, 15 December 1966,
at 5.30 p.m.

NEW YORK

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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 41

Activities in the field of industrial development (concluded):

(b) Report of the *Ad Hoc Committee on the United Nations Organization for Industrial Development (concluded)* (A/C.2/L.935, A/C.2/L.950)

1. Mr. BRADLEY (Argentina) introduced draft resolution A/C.2/L.950.

2. Mr. WOULBROUN (Belgium) wondered whether the draft resolution was really necessary. The Committee had already decided that the United Nations Industrial Development Organization (UNIDO) headquarters should be established at Vienna and obviously the Secretary-General would have to undertake the necessary negotiations with the Austrian Government.

3. Mr. N'GUESSAN (Ivory Coast) thought that, if the Committee was going to adopt a draft resolution, the text should make clear that the establishment of UNIDO at Vienna would entail additional expenditure which would have to be met by the Austrian Government. However, it might be better to include such matters in the report rather than in a draft resolution.

4. Mr. M'BAYE (Guinea) felt that, if the Austrian Government gave the necessary assurances that it would meet the additional costs involved, there would be no need to mention that point in the draft resolution.

5. Mr. DELGADO (Senegal) agreed with the representatives of Belgium and the Ivory Coast that the matters raised in the draft resolution should be dealt with in the report.

6. Mr. AHMED (Pakistan) agreed that a draft resolution was not necessary but that some indication should be given in the report of the need for negotiations with the Austrian Government.

7. Mr. BACKES (Austria) said that his Government was ready to undertake the necessary negotiations with

the Secretary-General for the establishment of UNIDO. Vienna already housed the International Atomic Energy Agency which had been functioning satisfactorily for ten years and which paid a nominal rent to the Austrian Government. The latter had already assigned a building for UNIDO and was prepared to do everything in its power to enable the new organization to perform its functions under the best possible conditions.

8. Mr. RODRIGUEZ (Philippines) said that the plenary session of the General Assembly should endorse the Committee's decision by a formal resolution on the site of UNIDO's headquarters, which would also authorize the Secretary-General to negotiate with the Austrian Government regarding the position of the buildings and payment of the additional expenses referred to in document A/C.2/L.935, paragraph 8 (b) and (c).

9. Mr. ROOSEVELT (United States of America) agreed that the General Assembly should adopt a formal resolution endorsing the Committee's action. However, the Secretary-General did not require special authorization to undertake negotiations with the Austrian Government, and he therefore suggested that the preambular paragraphs and operative paragraph 2 should be deleted, leaving only operative paragraph 1.

10. Mr. Enaldo CAMAZ DE MAGALHAES (Brazil) said that a number of points, and in particular the date and place of the first session of the Industrial Development Board, were not covered in the draft resolution, which in any case did not add much to the Committee's decision on the matter.

11. Mr. DJOUDI (Algeria) supported the Pakistan representative's suggestion that the draft resolution should be withdrawn.

12. Mr. VARELA (Panama) felt that it would be appropriate for the General Assembly to adopt a formal resolution and supported the United States representative's suggestion.

13. Mr. ABE (Japan) said that his delegation could accept the draft resolution, but would be prepared to support the inclusion of the Committee's decision in its report. It was important for the negotiations referred to in operative paragraph 2 to be undertaken as quickly as possible, and he therefore suggested the insertion of the words "as soon as possible" after the word "undertake". A progress report in regard to those negotiations would probably be required and it would therefore be useful to know the date and place of the Industrial Development Board's first session.

14. Mr. KITTANI (Secretary of the Committee) said that the provisional calendar of conferences for 1967^{1/} provided for the Board's first session to be held for three to four weeks in March-April in New York.

15. Mr. BRADLEY (Argentina) expressed surprise that some delegations were opposed to the adoption of a formal resolution by the General Assembly on a matter on which the Committee had taken such great pains. It was important that the establishment of the new organization should be backed by the full authority of the Assembly, and the Austrian delegation had expressed no objections to the draft resolution. Operative paragraph 1, at least, must therefore be retained. However, his delegation—and in all probability the other sponsors—would have no objection to the inclusion of the other paragraphs in the Committee's report, which would in any case reflect the various views expressed.

16. Mr. TEMBOURY (Spain) agreed that the Committee's decision would require the formal endorsement of the General Assembly.

17. The CHAIRMAN said that, if he heard no objection, he would consider that the Committee agreed to approve the first operative paragraph of draft resolution A/C.2/L.950 and to include the other paragraphs in its report.

It was so decided.

^{1/} Document A/6437/Corr.1.

Statement by the Chairman

18. The CHAIRMAN suggested that the Rapporteur should be authorized to attach the statement which the Secretary-General of the United Nations Conference on Trade and Development made at the 1096th meeting (A/C.2/L.937) to the Committee's report on agenda item 37, and to report directly to the General Assembly on agenda items 37 (second part), 39, 41 and 46.

It was so decided.

Completion of the Committee's work

19. The CHAIRMAN noted that the Committee had now expeditiously completed its work. While he would have welcomed the opportunity for another meeting to discuss further improvements in the Committee's work, including such matters as the curtailment or abolition of the general debate, group statements on behalf of a number of delegations, and more self-discipline, he expressed his deep gratitude to all representatives and members of the Secretariat who had participated in the Committee's work for their co-operation in successfully completing a very heavy agenda.

The meeting rose at 6.50 p.m.

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