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NEW YORK

Chairman: Mr. Narciso G. REYES (Philippines).

AGENDA ITEM 41

**United Nations Conference on Trade and Development
(continued):**

**(a) Report of the Trade and Development Board (A/8403/
Add.1 (part II), A/8415/Rev.1; A/C.2/270 and Corr.1)**

1. Mr. MOLINA DUARTE (Venezuela), after congratulating the Secretary-General of UNCTAD, the President of the Trade and Development Board and the Rapporteur-General of the Ministerial Meeting of the Group of 77 on their efforts, stressed the importance of the third session of UNCTAD, and in particular the new questions it would discuss, namely, the international monetary situation, the economic aspects of disarmament, environment policies and economic development, and the closing of the Suez Canal.

2. His delegation considered that the third Conference would provide an opportunity for appraising the situation resulting from the current monetary crisis, and in particular its impact on international trade especially with respect to the developing countries. It would also provide an occasion for reviewing the functioning of UNCTAD's institutional machinery and deciding on whatever changes were necessary. At its third session, UNCTAD should revise its institutional arrangements with a view to strengthening its negotiating capacity and rendering its recommendations more operational, so as to attain the basic objectives of the Conference, as set forth in General Assembly resolution 1995 (XIX).

3. The Venezuelan delegation felt that great efforts were being made in dealing with the commodity problem, which was one of UNCTAD's major problems. It wished the UNCTAD secretariat to arrange, prior to the third Conference, intergovernmental consultations on phosphates, iron and manganese.

4. In the matter of pricing policy, Venezuela maintained its position in favour of prices that were remunerative to producers and fair to consumers. What was more, it believed that the unit price of primary commodities exported by the developing countries should be linked to the price of the goods manufactured in the developed countries from such primary commodities. To promote co-operation between developing countries, it would also be advisable to encourage countries exporting raw materials to organize themselves for the purpose of stabilizing the commodity markets concerned.

5. With reference to the Generalized System of Preferences, he emphasized how important it was for the developing countries to continue the Special Committee on Preferences; that Committee, rather than the Committee on Manufactures, should be responsible for supervising the application of the Generalized System of Preferences. The Committee on Manufactures should continue to devote itself primarily to the study and consideration of such important questions as those concerning non-tariff and quantitative restrictions. In that connexion, his delegation welcomed the progress being made by the Nordic countries, the Netherlands and Australia, in the implementation of the Generalized System of Preferences. His delegation therefore called on the industrialized countries, which had not done so, to implement the system of preferences in the shortest possible time.

6. With regard to science and technology, he observed that the transfer of technology was very important for the developing countries; he emphasized the high costs of that process and noted the distortions that arose in the economic structure of developing countries when they adopted technology inappropriate to their level of development, as well as the deficiencies of the technology market and their unfavourable consequences for the developing countries. His delegation felt that the establishment of the Intergovernmental Group in UNCTAD would be an effective means of dealing with technology problems. He reiterated his support for General Assembly resolution 2726 (XXV), and particularly its second preambular paragraph. The Conference must give particular attention to certain aspects of the technology problem, namely, the international legal system governing the transfer of technology, the identification and assessment of technological opportunities offered by the international community, and the training of specialists of the developing countries with a view to helping them to draw up and administer national policies for the development and application of technological processes.

7. In the view of his delegation there was no real transfer of technology but only a one-sided flow of unsuitable technology, in the sense that it utilized very little labour and raw materials, which were precisely the resources that were abundant in the developing countries; what was more, the developing countries had to spend large amounts of foreign exchange to acquire technology which was often ill-suited to the special needs of the country concerned. That was why Venezuela so strongly supported the work being done by the Intergovernmental Group in UNCTAD.

8. In conclusion, he reserved the right to speak when the draft resolutions on science and technology, of which Venezuela was a co-sponsor, were distributed to the members of the Committee.

9. Mr. NEPALI (Nepal) emphasized the importance to developing countries of international trade, whose promotion was one of the objectives of the International Development Strategy for the Second United Nations Development Decade. He noted with regret that the progress in international trade registered by the developing countries in 1970 had been less than that of the year before, that the practice of protectionism was gaining popularity and that policies were being adopted to reduce aid to the developing countries. Moreover, synthetic products were increasingly competing with natural commodities, inflationary pressures were hurting the promotion of international trade, and freight rates were increasing. In addition, further delay in the transfer of technology from the industrialized countries had contributed to the deterioration of the situation of the developing countries, including the land-locked and the least developed countries. He wished to draw the attention of the developed countries to the fact that disregard for international conventions was making it difficult for the countries of the third world to expand their international trade and to attain the growth target envisaged in the International Development Strategy. In short, the implementation of the Strategy was in jeopardy owing to the reinforcement of tariff and non-tariff trade barriers, and positive pragmatic measures had to be taken to remedy the situation. In that context, UNCTAD had a decisive role to play: on the one hand, it had to promote international trade with a view to accelerating the economic development of the developing countries and, on the other, it had to take special measures in favour of the least developed among those countries and the land-locked countries. The agenda for the third session of UNCTAD covered all the questions directly connected with the promotion of the trade of the developing countries, and his delegation could only welcome it. It felt, however, that the needs of the small nations should be given a higher priority, in keeping with the views which had been expressed on that question by the member States and with the special measures envisaged by the Strategy.

10. He then reviewed and commented on the Declaration and Principles of the Action Programme of Lima (A/C.2/270 and Corr.1); he felt that they would help the third session of UNCTAD arrive at a realistic conclusion.

11. The share of the least developed and the land-locked countries in world trade was very small, and UNCTAD should give particular attention to that problem at its third session. It was imperative that UNCTAD, in co-operation with other important United Nations bodies and other international institutions, should prepare action-oriented programmes best suited to the urgent needs of the developing countries, and most particularly the land-locked and the least developed among them. Not only was the co-operation of the developed countries important, but co-operation among the developing countries, especially on a regional and subregional basis, was equally important. It was only by co-operative efforts in the implementation of programmes decided on by consensus or following the adoption of a resolution that States members of UNCTAD could obtain significant results. The failure of the second session, whose key decisions had not yet been implemented, must not be repeated. UNCTAD could only play an effective role in the promotion of trade and develop-

ment if all its member States co-operated whole-heartedly with it.

12. Mr. FRAZÃO (Brazil) said that, mainly because of the prevailing currency crisis, the third session of UNCTAD would take place in the midst of great uncertainty as to the future evolution of the patterns of international economic relations. It was clear that the crisis not only endangered economic relations among the developed countries themselves but was hurting the endeavours of the developing nations and the system of international co-operation for development. Thus, at its third session UNCTAD would have to try to eliminate the new obstacles to economic co-operation in order to be able to proceed on a sound basis. Moreover, the developed countries should be made to realize that the developing world could not waste any more time. Referring to the atmosphere which had reigned during the Second Conference at New Delhi, which had been held at a time when the liquidity crisis had affected international finances, he expressed the hope that the developed countries would not again use the prevailing crisis as an excuse for evading the adoption of effective measures for the benefit of the developing countries.

13. He then referred to the different categories of activities, as specified in General Assembly resolution 2725 (XXV), in which the third session should engage. First, the Conference should review progress made in implementing the measures agreed upon in the Strategy and seek their further implementation. The General Assembly had clearly accentuated the link between the third Conference and implementation of the Strategy because most of the measures agreed upon in the Strategy related to trade and development and therefore fell within the competence of UNCTAD and also because the third Conference would be the first time since the adoption of the Strategy that the international community was meeting to consider economic questions. The examination at the third Conference of recent developments and long-term trends in world trade and development should lead to the adoption of new principles which would bring up to date those contained in the Final Act of the first Conference.

14. Secondly, the third Conference should reach agreement in more specific terms on issues which had not been fully resolved in the Strategy. The participants in the third Conference should, for instance, endeavour to secure the withdrawal of the reservations entered by some delegations to certain recommendations in the Strategy, such as the reservations to the paragraphs relating to the assistance of the economically developed countries, the target for which had been fixed at a minimum of 0.7 per cent of their gross national product. It was also necessary to reach agreement in more specific terms on other measures which, at the time of the adoption of the Strategy, had obtained only a limited consensus among developed countries, as had been the case with adjustment assistance measures to be taken by the developed countries, for example.

15. Thirdly, and still pursuant to the terms of General Assembly resolution 2725 (XXV), the third Conference should seek new areas of agreement. Consideration could, for instance, be given to creating a link between Special Drawing Rights and the provision of additional development finance and also to setting up specific targets in the

field of science and technology. In that connexion, the participants in the third Conference might endeavour to adopt new measures for the benefit of developing countries in the field of the transfer of technology, which was lagging behind other sectors within UNCTAD.

16. Fourthly, the third Conference should evolve new concepts and seek agreement on additional measures. It should therefore resist the temptation to give way to inertia and apathy, if it was to have the impact expected of it.

17. In that connexion, the review of the structural and institutional arrangements of UNCTAD, as envisaged in General Assembly resolution 1995 (XIX), was particularly appropriate for such initiatives. The very adoption of the International Development Strategy, which had increased the magnitude of UNCTAD's negotiating tasks, as well as the circumstances which were still shaking the established patterns of international co-operation for development, made it quite appropriate that the third Conference should carry out the review, as had been indicated by the second Ministerial Meeting of the Group of 77. The role UNCTAD could play in breeding the political will necessary to its sound operation was particularly important.

18. The United Nations Conference on Trade and Development was the best available body to reform international economic relations for the benefit of the developing countries. If that reform was to be undertaken in a framework of new principles, it was the duty of the members of the Organization to improve UNCTAD and adapt it to the new conditions of international life. His delegation sincerely hoped that the third Conference would provide evidence of the political maturity of the Organization by taking appropriate decisions to introduce the necessary adjustments in the machinery and even the very nature of UNCTAD along the lines laid down by the Group of 77 in 1964.

19. The four categories of activities he had mentioned had a common characteristic, namely, negotiation, and the developing countries hoped that it would become the main feature of the third Conference. Unless the Conference succeeded in promoting meaningful negotiations on the questions left open in the Strategy, the United Nations, regretfully, would have to admit that the dynamic approach which had inspired the launching of the Second Development Decade had been singularly diluted at the very start of the Decade. It was the acute sense of the need to make the third Conference the scene for meaningful negotiations that had led the Group of 77 to approve its Action Programme. The latter marked an essential step for the developing countries in the field of trade and development, firstly, because it encompassed all the significant development activities of the third world and, secondly, because the developing countries had reached a common position on matters relating to the special interests of the least developed among the developing countries. Those two reasons sufficed to show the seriousness of purpose of the Group of 77.

20. The second Ministerial Meeting of the Group of 77 also had the merit of having given further details on, or having presented in a new light, many of the proposals of the developing countries which had not yet won the

consensus of the international community. Such was the case, for example, in the field of commodities, financing, non-tariff barriers and restrictive business practices. The Group had also refined and adjusted its position on questions which had already been given favourable consideration in UNCTAD, such as shipping, transfer of technology and trade in manufactured and semi-manufactured goods. Thanks to the growing body of studies made by UNCTAD and the serious consideration given to them by participating Governments, the Group of 77 had succeeded in formulating clear and specific proposals which could serve as a sound basis for negotiations. Moreover, the Declaration and Principles of the Action Programme of Lima were being submitted to the international community in time for it to analyse them before the third Conference. He was sure that that analysis would contribute to better understanding in the preliminary consultations between developed and developing countries to be held at Geneva and, above all, in the negotiations at the third Conference itself. His delegation welcomed with satisfaction the steps announced by the developed countries of Eastern Europe with a view to preparing their common position for the third Conference, and requested them, at their meetings, to study the Action Programme of the Group of 77 with the attention it deserved.

21. For the efforts of the international community to bear fruit it was also necessary that sufficient time should be allowed for negotiation, and a period of five weeks was a bare minimum. It might be wise, therefore, to extend the duration of the pre-conference meeting to four, instead of two, days since organizational matters were as a rule difficult to settle.

22. The political guidelines to be adopted at the current session of the General Assembly were the best means of ensuring that the third Conference would strengthen the faith of the developing countries in international co-operation as an effective instrument for their economic development.

23. Mr. VIAUD (France) considered it impossible to deal with the item on preparations for the third session of UNCTAD without referring to the Lima meeting. His delegation was studying the Declaration and the Principles of the Action Programme with great interest and much sympathy. That document could be very useful for the preparatory phase of the third Conference. Unfortunately it was difficult to judge such a full programme, since Governments needed time to reach decisions. None the less he could already say, first, that the French Government would do its best to draw up constructive suggestions on the main topics to be dealt with by the Conference, and that, where unanimous decisions could not be reached, it would try to find formulae and solutions acceptable to the majority. Secondly, within the framework of the discussions taking place in OECD, the members of that organization were making every effort to promote the success of the third Conference, and he hoped that their example would be followed by other regional organizations so that their members would not be coming to the Conference in disarray. The task of the Western countries was, however, not easy. He agreed with the representative of Brazil that the approach to the Conference should not be routine, but if that was to be avoided, people in the various capitals

would have to be made aware of the gravity and urgency of the problems to be dealt with at the Conference. The preparatory work had already shown that there was a real will to solve those problems.

24. As to the specific organizational questions, his delegation approved the proposed place, date and duration. He had noted the work done by the Chilean Government and the considerable progress made in constructing the required buildings, and had good hopes that those preparations would be completed in time for the Conference to open in a favourable atmosphere. He hoped that the Chilean authorities would be duly assisted by the UNCTAD secretariat. In that connexion, the participation of Mr. Perez-Guerrero in the preparatory work and preliminary studies of the UNCTAD secretariat should make it possible to start discussions without loss of time.

25. Speaking about the organization of the work of the Conference, he warned representatives against the danger of having too many meetings: the session held at New Delhi had shown that that resulted in hasty and rather confused proceedings. It was also necessary to arrange the meetings of subsidiary bodies in such a way that they took place only during a part of the Conference and experts could be available when required.

26. His delegation approved the provisional agenda prepared by the Trade and Development Board. Firstly, with regard to the new items on the agenda he agreed that UNCTAD should have a responsibility of its own in respect of the current monetary situation, provided that it was restricted to the impact of that situation on the trade of the developing countries and on the nature and volume of the assistance furnished them; it should not attempt to replace other bodies which were more competent in that sphere. Secondly, with regard to the item on the least developed of the developing countries, the work of the special committee to be established for that item should be co-ordinated with the work of such other committees as the Committee on Commodities, so that those committees would not reach different conclusions. A third item of interest at the third Conference concerned institutional changes in UNCTAD. In that connexion, he recalled that France was opposed to the establishment of a new specialized agency, although it recognized that UNCTAD should be made more effective. He considered, however, that it would be simpler to make it more effective by making it less unwieldy rather than by establishing new bodies which might complicate the machinery and lead to its falling into routine.

27. It was to be hoped that the traditional spheres of interest of UNCTAD would not be forgotten at Santiago and would be examined from a new angle. In particular, special attention should be devoted to the problem of commodities, which might be aggravated by the current monetary situation and unstable exchange rates. The problem of financial and economic assistance should also be reviewed in order to ensure the stability of the volume of such aid; a means of doing that was to reach agreement on the target of public aid, which had already been established for the Second Development Decade, and which should be confirmed. The problem of invisibles and shipping should not be neglected either.

28. There were very close links between the third Conference and the objectives of the International Development Strategy. It might be better if the third Conference sought to ensure that the objectives of the Strategy were met rather than exceeded, for they had by no means been accepted unanimously. However, some of them should be adapted to the world economic situation, and he hoped that that situation would develop in such a way as to facilitate the solution of the problems to be discussed at the third Conference.

29. Mr. PANGGABEAN (Indonesia) said that his delegation, which had participated in the eleventh session of the Trade and Development Board and the second Ministerial Meeting of the Group of 77, could testify to the fact that the statements made during a previous meeting by the Secretary-General of UNCTAD, the President of the Trade and Development Board and the Rapporteur-General of the Ministerial Meeting presented all the essential points made at those meetings.

30. The developing countries of the three regional groups had without exception reached the conclusion that recent international developments were assuming the proportions of a crisis and were adversely affecting their interests. They had voiced their grave concern in the Bangkok Declaration, in the report of the African Ministerial Meeting, and in the Consensus of Lima. The recent Ministerial Meeting at Lima had confirmed their concern, and the work done at the eleventh session of the Trade and Development Board should be viewed against that background. All the above-mentioned meetings had had but one objective, namely, the third session of UNCTAD, where the developing countries hoped to revive the enthusiasm of the world community for the cause of development and to encourage the political determination of the developed countries.

31. The exceptional significance of the eleventh session of the Trade and Development Board was due to the fact that it had served as a link between the International Development Strategy and the third Conference. It had succeeded in fulfilling its main task, namely, that of preparing a provisional agenda aimed at giving the Strategy a vigorous start and appraising its progress. His delegation understood that the wide range of problems and items placed on the provisional agenda had given rise to some fears of prolonged discussion at the expense of concrete results, but it had to be realized that the Conference was to be held under unusual international circumstances and that it would be crucial to the peoples of the developing countries.

32. The fundamental problems that beset the third world and the attendant solutions recommended had, in the main, all been identified; certain principles for international action had already been agreed upon, but recent events had led some of the developed countries to disregard them and thereby to jeopardize the work so painstakingly built up by UNCTAD through negotiations between the developing and the developed countries. That was why the developing countries deemed it necessary to have a comprehensive agenda covering a wide spectrum of topics for the third Conference. The absence of agreement among the developed countries on how to resolve current monetary problems only tended to aggravate the situation, whose impact would be felt mainly by the developing countries.

with their poor foreign-exchange position and meagre reserves. It was only logical that the developing countries should participate in consultations and decisions concerning the setting up of a new monetary system.

33. The developing countries were also concerned lest prevailing conditions lead to a return to narrow protectionism among the most important countries. The national income of developing countries was still largely dependent on foreign trade and they were afraid that the results which had been achieved at the national level might be wiped out. The principles of international trade already agreed upon in UNCTAD must be respected. In particular, the standstill principle with respect to tariff and non-tariff barriers in the advanced countries was an essential basis for the elaboration and application of access-to-markets and pricing policies. The Generalized System of Preferences for diversifying the exports of the developing countries and facilitating their access to markets might not be universally applied owing to protectionist tendencies. His delegation hoped that the third Conference would take a position on those issues since they were extremely important elements in the whole development process. The Bangkok Declaration had also proposed that the developed countries should undertake an action programme within the framework of UNCTAD for the progressive elimination of non-tariff barriers to imports of commodities, including processed or semi-processed commodities of export significance to developing countries. In any case, if domestic demand for commodities increased in the developed countries, preferential treatment should be given to exports from the developing countries.

34. The developing countries, for their part, should intensify the exploitation of their natural resources, but, with regard more particularly to problems and policies relating to primary commodities, they could strengthen their position considerably by concluding agreements on specific commodities, establishing producer associations and engaging in other forms of co-operation.

35. Furthermore, a fresh emphasis should be given to the system of generalized preferences; in that connexion, Indonesia hoped that all the products in chapters 1 to 24 of the Brussels Tariff Nomenclature should be the subject of preferential arrangements, without reciprocity or discrimination.

36. The question of the least developed among the developing countries had been a conspicuous subject of attention at the eleventh session of the Trade and Development Board and the second Ministerial Meeting of the Group of 77. The impatience of those countries was understandable in view of the fact that the international community had been very slow in recognizing their particularly underprivileged situation; fortunately, it now seemed to have realized that special measures must be taken in favour of those countries so that they could benefit fully and equitably from the action taken within the framework of UNCTAD and the International Development Strategy. Care should, however, be taken to ensure that those measures did not prove detrimental to the interests of the other developing countries.

37. His delegation was concerned about the increasing tendency of the developed countries to form regional

economic groupings which could not fail to affect adversely the trade and growth of developing countries; every effort should, on the contrary, be made to ensure that the advantages that the developed countries derived from such groupings were shared with the rest of the world. Those countries should accord to the developing countries a treatment not less favourable than that which they accorded to each other within their respective groupings.

38. His delegation hoped that, despite the set-backs and disappointments and the current economic and monetary crises, the third session of UNCTAD would produce concrete results. It was convinced that wisdom and reason would prevail in both the developed and the developing countries and that the objectives set forth in the International Development Strategy could be attained.

39. Mr. LACKO (Czechoslovakia) said that at its third session UNCTAD should assess the current situation of world trade, determine the orientation of UNCTAD's future activities and make recommendations to ensure the expansion of international economic relations. With the majority of other delegations, his delegation hoped that the Conference would pronounce itself in favour of the elimination of one-sided restrictive measures impeding international relations and that it would contribute to the return to normal conditions of international trade and the respect by all countries of the general principles which should govern international commercial relations and trade policies recommended by UNCTAD at its first two sessions, as well as the principles of GATT. His delegation also hoped that the Conference would give due attention to the significance of trade among States having different social systems; that an end would be put to the practices of certain Powers which regarded international trade as a political instrument; and that the artificial barriers to the development of trade with the socialist countries and to international trade in general would be eliminated. In the economy of the Czechoslovak Socialist Republic trade played an important role; the Czechoslovak Government therefore intended to take part in the expansion of international economic co-operation and international trade.

40. His Government was conscious of the fact that the current monetary crisis in the capitalist world would have very adverse repercussions on the work of the third session of UNCTAD and that it cast a shadow over the whole outlook for the development of international economic co-operation. As was stated in the document issued by the Ministerial Meeting of the Group of 77 (A/C.2/270 and Corr.1), the current international monetary crisis was the result of an imbalance among developed market economy countries and had severely undermined the international monetary system, adversely affecting the international environment and prospects for trade and development of developing countries. His delegation believed that the present crisis could be resolved only by the normalization of international trade relations on a basis of equality, the elimination of the discriminatory measures imposed by the main countries and economic groupings of the capitalist world, the application in UNCTAD of the principle of universality, and support for the developing countries to enable them to participate fully in the development of international trade.

41. His delegation regarded the Declaration and Programme of Action of the second Ministerial Meeting as a significant contribution to the preparations for the third session of UNCTAD. He wished to stress, in that connexion, that his country attached great importance to economic co-operation with the developing countries, which, moreover, figured large in the five-year plan adopted for the period 1971 to 1975.

42. His country was purposefully diversifying its imports from the developing countries and expanding industrial co-operation; in conformity with the "Comprehensive Programme for the Further Extension and Improvement of Co-operation and the Development of Socialist Economic Integration of the CMEA Member Countries" (A/C.2/272), it was ready to intensify its co-operation with other States, particularly the developing countries, even if they were not members of CMEA.

43. In conformity with the Leninist principles of peaceful coexistence among States having different social systems, his Government also wished to extend its economic co-operation to the developed countries of the capitalist world, on a basis of equality and mutual advantage. Although in recent years there had been a growth in the volume of trade between the socialist and the developed capitalist countries and some degree of normalization had been reached in that field, that progress had now been slowed down because certain advanced capitalist countries and their closed economic groupings had erected a number of barriers of a discriminatory character. His delegation believed that the question of the development of East-West trade should be accorded due attention at the third session of UNCTAD. In its opinion, the development of East-West trade could not fail to have a positive impact on the development of trade between the socialist countries and the developing countries.

44. In part three, section F, of the document issued by the Ministerial Meeting at Lima reference was made to trade relations among countries with different economic and social systems. He expressed regret that the Meeting mentioned only the socialist countries of Eastern Europe in that chapter; it would have been desirable to mention also the advanced market economy countries, some of which bore a large measure of responsibility for the present unsatisfactory state of trade among countries with different economic and social systems.

45. At its eleventh session the Trade and Development Board had considered at length the problems of the generalized system of preferences, the elimination of non-tariff obstacles, and restrictive commercial practices. No one questioned the fact that the present economic situation in the capitalist countries, the recent introduction of protectionist measures in trade and the monetary crisis in the capitalist world acted in such a way as to devalue substantially the tariff preferences accorded to the developing countries. One solution would be to implement the provisions of Trade and Development Board resolution 84 (XI), in which the Board stated that all interested countries, especially the developing countries, should participate fully in the consultations and negotiations on the reform of the international monetary system.

46. His Government had recently granted preferential treatment to imports of agricultural and industrial products from the developing countries, with a minimum number of exceptions.

47. He wished to draw attention to a problem which was of great importance for the activities of UNCTAD. There was a country, the German Democratic Republic, which had trade relations with the majority of the States members of UNCTAD but which was prevented from participating in the activities of UNCTAD by the obstructionist policies of some States, a fact which could only be detrimental to UNCTAD. It was high time for the principle of universality to be applied fully in UNCTAD so that the German Democratic Republic could take its proper place in international economic co-operation.

48. Mr. AL-BAGHDADI (Iraq) said that he shared the concern expressed by other delegations regarding the adverse effects of the current international monetary crisis. In addition to the effects of that crisis there were numerous other negative phenomena, which had been noted by the Trade and Development Board, such as the emergence of protectionist tendencies in the major industrial countries, the decrease in the volume of the exports of developing countries, the drop in the prices of the primary commodities exported by developing countries, the increasing competition to those commodities from new synthetics and the inadequacy of transfers of financial resources from developed countries to developing countries. The accumulation of those phenomena posed serious problems for the developing countries and thus constituted a real threat to their economic and social progress.

49. Moreover, the aggressive actions in the Middle East and South-East Asia were regarded not only as a major source of instability in international economic relations but also as an obstacle to the development of the countries concerned and the mobilization of their internal resources.

50. UNCTAD had a special and significant role to play in rectifying the current state of international relations. It should therefore be strengthened in order to be able to discharge the functions assigned to it under the International Development Strategy. For that reason, it should take bold measures to check the protectionist trends of certain industrialized countries. It should enter into negotiations with a view to attaining the objectives which it had been created to attain.

51. His delegation noted with satisfaction the progress that had already been made in introducing a generalized system of preferences which would provide access to the markets of rich countries for a wide range of manufactured and semi-manufactured goods from the developing countries. It hoped that it would soon be possible to apply the system throughout the world.

52. UNCTAD had a duty to participate more actively than in the past in the transfer of technology to the developing countries, the improvement of international commodity arrangements, the solution of problems relating to the environment, the elimination of new barriers to the trade of the developing countries and the exploitation of the resources of the sea-bed.

53. His delegation hoped that at its third session UNCTAD would be able to find ways of solving the current economic problems which represented a real danger to the developing countries.

54. Mr. AMIRMOKRI (Iran) observed that many studies had already been made of the causes of under-development and the measures to be taken to solve that problem, which was one of the most challenging of the century. The International Development Strategy adopted by the General Assembly in 1970 represented the most comprehensive attempt ever undertaken by the United Nations to solve that problem. The fact that the Strategy had been approved by more than 100 countries had given rise to new hopes in the international community. The Strategy represented the recognition of the principle of international responsibility for development and it laid the foundations for genuine international co-operation. Furthermore, it reflected a clear understanding of the problems of under-development as well as of the needs of countries at different stages of economic development and it proposed solutions. It was clear from the Strategy that trade was the main source of foreign exchange for developing countries. It was, however, precisely in that area that recent events had aggravated an already unsatisfactory situation. The decline in the share of the exports of developing countries in world trade and the unfavourable trend in the prices of primary commodities by comparison with the trend in the prices of industrial durables and capital goods were a source of concern to the developing countries. Since its establishment in 1964, UNCTAD's main task had been to promote international trade with a view to remedying the situation in that area. At its first two sessions, UNCTAD had approved new approaches to trade relations between developing and developed countries and had suggested several solutions to the problem. Nevertheless, the current crisis was disturbing and the facts and figures clearly showed how the situation was deteriorating in the developing countries. A generalized system of preferences had hardly been introduced when the developed countries had begun to adopt a new wave of protectionist measures against the developing countries. The situation had further deteriorated as a result of the international monetary crisis which was reflected in an increase in the cost of development and a deterioration in the terms of trade for the developing countries.

55. It was no exaggeration to say that at its third session UNCTAD would find that the world was confronted with the same chronic problems as at its first two sessions. If, however, the provisions of the Strategy were seen as a meaningful frame of reference for world trade, the solutions to such problems might be foreseen at the third session of UNCTAD. Those problems included access to the markets of the developed countries for manufactures and semi-manufactures from developing countries, on a non-reciprocal basis; the stabilization of the prices of primary commodities; the availability of financial resources for the developing countries on more favourable terms; the transfer of technology; special measures in favour of the least developed among the developing countries; and the impact of the monetary crisis on world trade and development.

56. His delegation hoped that the forthcoming Conference would be able to improve the current situation and reaffirm UNCTAD's dominant role in promoting world trade and

development. The second Ministerial Meeting of the Group of 77 had already made an assessment of the situation and had proposed specific measures to resolve some of the problems which the developing countries faced. It was to be hoped that the developed countries would co-operate sincerely in solving the economic problems of the developing countries and that the third session of UNCTAD would mark a turning point in the history of international co-operation in economic and social development.

57. His delegation felt strongly that there was a need to make public opinion more aware of the problem of under-development and of the fact that under-development represented a threat to world peace; public opinion should be made to acquire a sense of mutual responsibility and should be mobilized with a view to solving the problem. The International Development Strategy recognized the importance of mobilizing public opinion and the draft resolution submitted by Uruguay and a number of other countries, under agenda item 45, reflected the same concern.

58. Mr. ABDALLA (Sudan) said that the annual review of recent trends in trade and development showed that despite the general improvement in international trade and the world economy, the relative position of the developing countries as a whole continued to deteriorate. While the *per capita* income had increased by over \$650 in the developed countries during the 1960s, it had increased by only about \$40 in the developing countries. The indebtedness of the latter was growing at an alarming rate and had amounted to almost \$60,000 million at the end of 1969. The financial flows from the developed to the developing countries were declining both in terms of the percentage of the gross national product and from the point of view of the proportion of official development assistance. The inflation which plagued the developed market economy countries had adverse repercussions on the economies of the developing countries which, against their will, had to import that inflation and thus introduce new factors into their economies which only aggravated the existing situation.

59. His delegation was fully aware of the seriousness of the current monetary crisis and felt that the international monetary system should be reformed with full account being taken of the needs of the developing countries to expand their trade, diversify their economies and receive an adequate flow of financial assistance. In fact, the current monetary situation had dealt a new blow to the trade of the developing countries by causing a decline in their export earnings. His delegation fully supported the declaration by the group of 31 developing countries members of the Trade and Development Board concerning the impact of the present international monetary situation on world trade and development, especially of the developing countries. His delegation would, of course, also fully support the parts of the Lima Declaration relating to the current monetary situation.

60. His delegation was greatly interested in the measures taken within UNCTAD in the field of commodities and diversification. It believed that some progress had been made in that field, but that much more needed to be done. Decision 5 (VI) of the Committee on Commodities had recognized diversification as one of the principal instru-

ments for the acceleration of the economic and social growth of developing countries, and outlined a programme of work for the future. However, diversification required effective international co-operation and the adoption of a policy of facilitating access to the markets of the developed countries, and financial and technical assistance in order to increase productivity and improve product quality. His delegation attached great importance to the recommendations made to intensify research and expand technical assistance for cotton, which occupied the first place in the export earnings of many countries, including the Sudan.

61. The preferential arrangements approved by the Board, on the proposal of the Special Committee on Preferences, represented a meaningful advance in the implementation of UNCTAD resolution 21 (II). The adoption by the Trade and Development Board of a mutually acceptable system of generalized non-reciprocal, non-discriminatory preferences in favour of developing countries in itself implied a bold departure from the traditional concepts and values that had been governing international trade, and represented a new dimension in international economic co-operation. His delegation wished to express its gratitude to the European Economic Community and Japan for implementing the generalized system of preferences and urged the other preference-granting countries to put their schemes into effect. In that connexion, his delegation fully supported the draft resolution,¹ which recommended that the United States Government be invited to waive the 10 per cent surcharge on imports from developing countries immediately and to take steps to implement its scheme of generalized preferences as soon as possible, in line with its undertaking to implement the scheme in 1971.

62. It was true that developing countries needed to industrialize in order to diversify their exports. However, that could only be achieved through an increased flow of financial and technical assistance. But the developed countries were still a long way from reaching the target of 1 per cent of the gross national product for the total volume of transfers from the developed countries to the developing countries. Moreover, the absolute value of transfers of resources had decreased because of inflation in the industrialized countries. His country could draw only very limited benefit from the generalized system of preferences because of its low level of industrialization; his delegation therefore considered that the international organizations concerned should take measures, including financial and technical assistance, for the establishment and development of industry. Such assistance was indispensable for the Sudan and for a large number of other developing countries, particularly the least developed among them. His delegation endorsed the view that it was necessary to take special measures for the benefit of the least developed countries, and considered that such measures should include, in particular, the extension of the generalized system of preferences to cover more processed and semi-processed agricultural products, primary and handicraft products. His delegation also expressed the hope that agreement would be reached at the third session of UNCTAD to eliminate the quantitative restrictions and non-tariff barriers that were obstructing the vigorous efforts made by developing coun-

tries to promote their exports in the markets of the developed countries.

63. UNCTAD had made considerable progress in advancing the cause of international co-operation in shipping. His delegation hoped that the Conference would ensure speedy implementation of measures on which agreement had already been reached so that the objective of increasing the participation of developing countries in international shipping could be attained during the Second Development Decade. As the closing of the Suez Canal had been detrimental to the economic development and balance of payments of a large number of developing countries, including many of the least developed countries, his delegation strongly supported the inclusion of that question in the agenda for the third session of UNCTAD.

64. The Sudanese delegation strongly supported the report of the Intergovernmental Group on Transfer of Technology² and noted with satisfaction that UNCTAD was now devoting considerable interest to that matter since the capacity for absorption of new technology in developing countries was almost nil. It felt that priority should be given in that field to the least developed among the developing countries; a group of experts within UNCTAD should undertake a survey of the infrastructure and technical know-how available in those countries with a view to evaluating the benefits which might be derived from the transfer of technology.

65. His delegation supported the Trade and Development Board in its efforts to assist the least developed countries and noted with satisfaction that it had succeeded in establishing criteria for their identification. The list of hard core least developed countries approved by the Board had been of great use at the second Ministerial Meeting, which had confirmed the list and worked out a set of measures in favour of the least developed countries. His delegation was convinced that the Secretary-General of UNCTAD would take the Programme of Action fully into account when preparing the programme of action requested by the Board. It hoped that the Secretary-General of UNCTAD would draw attention to the products of interest to those countries with a view to according them priority in the trade liberalization agreements.

66. His delegation reaffirmed its support for the draft resolution on a multilateral interest equalization fund as rising interest rates were adding to the growing indebtedness of the developing countries and hampering their development efforts. It stressed once again the need to establish a link between Special Drawing Rights and additional development finance before the next allocation of Special Drawing Rights in 1972. It also supported the scheme for supplementary financing.

67. The Sudan was particularly interested in the export promotion activities of UNCTAD and appreciated the progress it had made with technical assistance in the field of international trade and invisibles. It was aware of the importance of such aid and would make known its needs in that field at the time of country programming.

¹ TD/B/L.273.

² TD/B/365.

68. His delegation considered that the developing countries should realize the need to develop trade and economic co-operation among themselves and should strive to attain economic self-reliance and to mobilize their own internal resources.

69. It thanked the Secretary-General of UNCTAD for his well-prepared draft agenda for the third session and was sure that concrete results would be realized.

The meeting rose at 1.15 p.m.