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Chairman: Mr. Ismael THAJEB (Indonesia).

In the absence of the Chairman, Mr. Fernandini (Peru), Vice-Chairman, took the Chair.

GENERAL DEBATE COVERING ALL AGENDA ITEMS REFERRED TO THE COMMITTEE (continued)

1. Mr. GHEBEH (Syria) said that, despite the progress made since 1940, his country was still among the under-developed countries. Between the pre-war period and 1957, national income had increased by 5 per cent per annum, or twice the rate of population growth. Since then, it had even reached 6 to 8 per cent per annum. There had been especially conspicuous development in the production of cotton, cereals and textiles. To a considerable extent, that was the result of the expansion in world demand after the Second World War, and the growth of export volume had matched that of national income. A large part of the cotton, cereal and textile production was exported, and that explained why the ratio of exports to the national income was relatively high, amounting to some 30 per cent. Export receipts therefore played an important role in Syria's economic development and made it possible, in particular, to import the required capital goods. The proportion of such goods in the total imports had increased, and capital goods and construction materials now accounted on the average for more than 50 per cent of fixed capital formation.

2. Unfortunately, the deterioration in the terms of trade, particularly since 1951, had put a brake on Syria's capacity to import and, during the past ten years, the country had thereby lost the equivalent of 400 million Syrian pounds, an amount sufficient to finance a major development project.

3. In order to speed up economic development, investments must be made in different fields, including irrigation, communications, vocational education and research, but that would require an increase in capital formation. Studies made in Syria had led to the conclusion that emphasis must be given to the type of investment which might help to increase exports.

4. Syria was in the same position as the majority of developing countries and it needed favourable export prospects. But the downward trend in the terms of trade meant that the recent rise in commodity prices could not be considered anything but a temporary phenomenon. That deterioration was the result of various factors, including the disparity between the growth of demand for primary products and that for

manufactured products, economic recessions in the developed countries, tariff and other barriers against exports from developing countries, the protectionism and discrimination practised by the European Economic Community, the development of synthetics, and lastly the inelasticity of supply from the developing countries because of their scientific and technical backwardness.

5. The developing countries, as a result of the fall in their export receipts, were unable to import the volume of capital goods which they needed for industrialization. What the wealthy countries gave with one hand, in the form of loans for example, they took back with the other through the distortion of the terms of trade. A trade insurance fund must therefore be established on fair principles. His delegation was surprised that the schemes for compensatory financing which had been submitted had produced no results, and it thought that the recent liberalization in the financial policy of IMF was not enough to solve the problems. Whether a decision was taken at the United Nations Conference on Trade and Development or elsewhere, it must finally be taken. The United Kingdom delegation in its statement (886th meeting), had quite rightly stressed the seriousness of the situation for primary exporting countries. If a practical solution was not found, the growth of the developing countries might be jeopardized.

6. His delegation attached great importance to the work of the United Nations Conference on the Application of Science and Technology for the Benefit of the Less Developed Areas. That was why it supported the decision of the Economic and Social Council to establish an advisory committee on the application of science and technology to development and hoped that it would shortly become a reality. Contrary to what many people thought, planning existed on a much larger scale in the developed countries with free economies than in many developing countries. It had also produced fruitful results in the centrally planned economies. His delegation felt that the plans must be rational and flexible and must be based on certain special priorities. In eliminating the differences between the economic and social classes, taxation played an important part. On that premise, his Government had for several years been successfully carrying out a programme of land reform. While industrial development was the key to economic development, industrialization must not divert from agriculture the attention that it deserved. To avoid waste, aid to industry must therefore be based on criteria of efficiency and productivity. The optimum utilization of resources should also be sought rather than a mere diversification or expansion of production in a given sector to the detriment of the other sectors of the economy.

7. Because of the smallness of the market in the developing countries, economic integration could promote intraregional trade, stimulate production and

improve productivity. Such integration would encourage specialization and promote harmonization and collaboration within the region. It was to be hoped, however, that the economic units thus formed would not be transformed into protectionist blocs with a harmful influence both on themselves and on the rest of the world.

8. His delegation paid a tribute to the work of the United Nations and the specialized agencies in the field of technical assistance and international economic co-operation. It felt, however, that the developing countries would derive more benefit from the available services if they knew more about them. Some co-ordination was still needed, and the number of fellowships for trainees should be increased. Anxious as it was to see an increase in the flow of capital available to the developing countries, Syria supported the proposal set forth in the report of the Committee on a United Nations Capital Development Fund (A/5536) to transform the Special Fund into a capital development fund.

9. In accordance with General Assembly resolutions 1709 (XVI) and 1823 (XVII) on the decentralization of the economic and social activities of the United Nations, an economic unit had been set up at Beirut which could be of great service, particularly if it functioned in close co-operation with other agencies. However, its staff should be enlarged as soon as possible.

10. His delegation had great hopes in the United Nations Conference on Trade and Development and supported the joint declaration which representatives of developing countries had submitted to the second session of the Preparatory Committee and which appeared in the Committee's report (E/3799, para. 186).

11. Like so many other nations, Syria hoped that the great Powers would conclude an agreement on disarmament. The resources which such an agreement would release should be used for peaceful purposes for the greatest benefit of mankind. As had already been said many times, all countries were living in one world and the gap between the affluent countries and the poor ones must be bridged, because it represented as great a danger to world peace as the conflict between East and West. It was not a matter of trying to slow down the progress of the affluent countries, but of accelerating that of the developing countries. In that sphere, international co-operation and assistance had vital roles to play and that was why his delegation attached great importance to the establishment of a compensatory financing fund and to the expansion and acceleration of the flow of capital and technical assistance to the developing countries.

12. Mr. KANO (Nigeria) said that the eighteenth session of the General Assembly would be recorded in the annals of the United Nations as the link between two events of historic importance: the Treaty banning nuclear weapon tests in the atmosphere, in outer space and under water signed at Moscow in August 1963, which was a tangible manifestation of the considerable improvement in international relations, and the United Nations Conference on Trade and Development, which was bound to have a tremendous and beneficial impact on the economic and social well-being of all peoples.

13. The signing of the Moscow treaty was a first step towards general and complete disarmament, and its corollary, namely, the conversion to peaceful needs of the resources released by disarmament, had become

a hope capable of fulfilment. The world had learned with a great shock that annual expenditures on military preparations amounted to some \$120,000 million at a time when the developing countries were experiencing difficulties in carrying out their national economic development programmes on which they planned to spend the modest sum of \$2,000 million. Indeed, in order to bridge the gap between the developing countries and the industrialized countries rapidly and definitively, it would be enough merely to devote half of the amount currently allocated for military purposes to economic and social advancement.

14. His delegation had noted with satisfaction from the report of the Economic and Social Council (A/5503) that disarmament would not create any problems of economic conversion that could not be solved by inter-governmental co-operation. That was why it was important that at all levels the United Nations should be associated with the studies by Member States which the Council had called for in its resolution 982 (XXXVI). Consideration might perhaps be given to the creation of an international organ which would be responsible for the over-all study and implementation of the processes of conversion, with a composition similar to that of the Conference of the Eighteen-Nation Committee on Disarmament. Such a measure would have the double effect of stimulating the disarmament negotiations and, on the psychological level, of dispelling all fears of a possible return to the situation that had existed before the signing of the Moscow treaty.

15. The developing countries placed great hopes in the forthcoming United Nations Conference on Trade and Development. The Preparatory Committee, of which Nigeria was a member, had held two sessions, and the results it had already achieved would greatly facilitate the work of the Conference. A solution must urgently be found to the persistent imbalance in world trade and the constant deterioration of the terms of trade of the primary producing countries. The World Economic Survey, 1962 (E/3761/Rev.1 and E/3774) was very eloquent on that subject. The implementation of development plans and the establishment of the necessary infra-structures had caused imports by under-developed countries to increase more rapidly than their exports. The resulting imbalance had been further aggravated by the unfavourable price ratio between the capital equipment imported and the primary commodities which constituted the bulk of those countries' exports. It was interesting to note, in that regard, that if the terms of trade of the less developed countries had been stabilized at their 1950 level, their purchasing power would have been greater by \$2,300 million in 1960 than it actually had been.

16. There could therefore be no talk of promoting economic development as long as that unfavourable trend in world trade was allowed to persist, since it undermined the efforts made in the field of international assistance. Without an expansion in trade, foreign aid would not ensure a sustained economic growth. Any form of assistance that served mainly to correct balance-of-payments difficulties would merely be a palliative and not a cure for the economic ills of the developing countries.

17. His delegation noted with satisfaction the recent decisions of GATT in that field. Their scope was limited, however, and bolder measures were required. Without minimizing the responsibilities of the under-developed countries, it must be said that the indus-

trialized countries were in the best position to facilitate the adoption of measures likely to ensure the success of the United Nations Conference on Trade and Development. In his opinion, the Conference would be called upon to adopt specific and positive measures designed to improve the terms of trade of the developing countries, correct the wide fluctuations in primary commodity prices and, lastly, remove the barriers to the export trade of the less developed regions. In that connexion, the Nigerian delegation unreservedly endorsed section II of the operative part of Economic and Social Council resolution 963 (XXXVI).

18. The international community had finally come to recognize the urgency of the problems that industrialization created for the developing countries. The remarkable success of the United Nations Conference on the Application of Science and Technology for the Benefit of the Less Developed Areas had paved the way for very important decisions. Serious consideration should therefore be given to the recommendation of the Advisory Committee of Experts, contained in the Committee's report (E/3781, annex VIII), for the creation of a United Nations organization for industrial development. The Economic and Social Council had taken steps, by its resolution 980 (XXXVI), to establish an advisory committee on the application of science and technology to development, and the Administrative Committee on Co-ordination had established a sub-committee on science and technology. If the relatively moderate objectives of the United Nations Development Decade were to be attained, the full weight of modern technology must be brought to bear on the economic advancement of the developing countries. He hoped that serious thought would continue to be given to the need for creating a United Nations agency for science and technology.

19. As was shown by the report on industrial growth in Africa prepared by the Economic Commission for Africa (E/CN.14/INR/1), the countries of that continent possessed untold resources which the former colonial Powers had long ignored, or had used for their own purposes. All the programmes carried out by the metropolitan countries before independence had been concerned almost entirely with the development of agriculture and the production of raw materials. Thus, in the case of one colonial Power, less than 0.5 per cent of the modest sums allocated for development during the period 1946-1956 had been for industrial development. More recently, various opinions had been expressed on that subject in studies published by international bodies (including a survey on economic conditions in Africa prepared by the United Nations in 1951^{1/}), or by eminent economists, to the effect that the main industrial activity in Africa for many years to come would be the exploitation for export of its rich mineral deposits, and that agriculture would remain the basis of Africa's economy. On the other hand, it was interesting to note that in its report (E/3727/Rev.1), the Economic Commission for Africa stressed the important role that industrialization must play in the development of the under-developed countries and stated that any programme designed to raise the African countries' income level to that of Europe would have to be founded on a rapid industrial expansion.

20. The regional economic commissions were doing very useful work. The fifth session of ECA, held in the Congo (Leopoldville), had taken important decisions, and it was encouraging to note that the Economic and

Social Council had responded to its resolutions on the obnoxious policy pursued by Portugal and the Republic of South Africa.

21. The regional economic commissions should be strengthened and their responsibilities increased. The role of Headquarters should be limited to one of overall supervision, and the commissions should assume increased responsibility for United Nations economic activities in their regions. The staffing and recruiting policies of the economic commissions should also be modified so as to allow for the appointment of candidates from the countries of those regions.

22. Finally, his delegation welcomed the establishment of the African Development Bank with a capital of \$250 million. It hoped that the Bank would play its rightful role in the industrial development of the African continent.

23. Turning to the matter of Nigeria's economic situation, he stressed that, since 1951, the national income had increased at the rate of over 4 per cent per annum. Gross capital formation represented about 15 per cent of the national income. Private consumption, which had risen by approximately 20 per cent from 1950/1951 to 1957/1958, had amounted in 1961 to 82.9 per cent of gross domestic expenditure. Agriculture was still the most important sector of economic activity. It provided employment for 75 per cent of the population and accounted for 50 per cent of the gross national product and about 80 per cent of the total value of exports. The country was rich in minerals of all sorts, but their share in total exports for 1961 had been only 8.8 per cent and they had constituted only about 1.5 per cent of the national income.

24. The contribution of manufacturing to national income in Nigeria was still negligible. The processing industries, which represented an important growth sector in primary producing countries, had accounted for only 4.3 per cent of total exports in 1961. During the period 1948-1961, the total value of Nigeria's trade had risen by 283 per cent; however, while imports had increased by 445 per cent during that period, exports had increased by only 178 per cent. Since 1954, the terms of trade, hitherto favourable, had continued to deteriorate. The balance of payments deficit had risen from £3.6 million in 1955 to £48.5 million in 1961. It was clear that, like most developing countries, Nigeria had suffered from the consequences of a colonial economy. Since the attainment of independence in 1960, the Government had resolutely tackled the country's economic difficulties and drawn up a national development plan for the period 1962-1968, providing for an expenditure of about £675 million. That plan was the first of a series whereby the Government was hoping to achieve self-sustaining growth, and its chief objective was to establish the necessary infra-structure. Particular attention was being paid to the development of power resources, technical education, agriculture and industry. Arrangements had already been made for the construction of a dam and hydroelectric station on the River Niger and possibilities for the establishment of an iron and steel industry were being examined. It was expected that Nigeria would have to invest 15 per cent of its gross national product while ensuring an increase of 1 per cent year in per caput consumption if it wished to surpass the annual growth rate of 4 per cent. In order to achieve that aim, Nigeria was willing to make the necessary sacrifices, to mobilize all its resources and to adopt appropriate fiscal policies. An industrial development bank was

^{1/} United Nations publication, Sales No.: 51.11.C.2.

to be established, in the near future, and the Government hoped that the economic stability shown by the country would ensure for it the international financial aid which it needed and would attract the necessary foreign private investment. However, Nigeria was looking mainly to an expansion of its foreign trade to ensure the success of its development plan.

25. The flow of capital from the developed countries had increased in recent years, but was still far from the minimum required for attainment of the moderate objectives of the United Nations Development Decade. In the introduction to his annual report (A/5501/Add.1), the Secretary-General had pointed out that there were only one or two among the industrialized countries which were as yet devoting even one-half of the proposed 1 per cent of their national income for development in the developing countries. With the first half of the Decade drawing to a close, the developed countries should realize that it was in their own interest to help the poorer countries and that the widening gap separating them from those countries represented a serious danger both for their own prosperity and for world peace.

26. He noted with satisfaction the recent improvement in the structure of the institutions through which international aid was channeled, namely the International Bank, IFC, IMF and IDA. He was nevertheless convinced that there was a need to establish a United Nations capital development fund. He was disappointed that the committee appointed to consider that question had not really been able to carry out its mandate, and to propose practical measures designed to ensure the beginning of the operation of the capital development fund. The proposal to extend the terms of reference of the Special Fund was little more than a compromise measure. The argument concerning the danger of the proliferation of international financing institutions was not valid; the main requirement was to assess the effectiveness of the existing institutions. The latter were doing good work in their particular fields, but because of their structure and procedures, they could not take the place of a capital development fund, the role of which would be to speed the flow of capital to the developing countries. As was indicated in the report of the Committee on a United Nations Capital Development Fund (A/5536), the majority of the members of the Committee had recommended that the Secretary-General should study measures for transforming the Special Fund into a capital development fund which would engage in both pre-investment and investment activities. In the absence of a more satisfactory solution, he hoped that the Second Committee would approve that recommendation unanimously.

27. The United Nations technical assistance programmes had achieved remarkable results. He hoped that contributions to the Special Fund would increase and exceed the target which had been set and that the same would happen in the case of the Expanded Programme of Technical Assistance. Nigeria participated in the work of the Technical Assistance Committee and was in a good position to judge the value of the activities undertaken under the Expanded Programme. Technical assistance was only effective in the long term to the extent that it eliminated the conditions which had made it necessary. Its twofold purpose—advisory services to Governments and training of counterpart personnel—raised, both at Headquarters and in the field, complex problems of co-ordination of the various programmes, which should continue to receive attention.

28. His delegation was pleased to note that action was being taken to establish a United Nations training and research institute which would play a vital role in the development of manpower resources of all nations, whatever their degree of development.

29. Finally, he stressed the importance of recommendations set forth in resolutions of the Economic and Social Council concerning the enlargement of the membership of various United Nations organs, namely the Economic and Social Council itself (resolution 974 C (XXXVI)) and the Governing Council of the Special Fund (resolution 964 (XXXVI)). The question of equitable representation of Africa on those organs should be considered without delay by the Second Committee and by the General Assembly.

30. He reserved the right to make further comments on several of those points at the appropriate time.

31. Marquis DE NERVA (Spain) said that the thirty-sixth session of the Economic and Social Council had revealed the deep concern of both the industrialized and the under-developed countries regarding economic development, which lay at the heart of the world's current problems. Although the positive results obtained thus far had not been on a scale consonant with the task which would have to be carried out in future years, there were none the less grounds for satisfaction at the increased awareness of the importance of economic development, which was largely due to the work of the United Nations and particularly that of the Second Committee, the Economic and Social Council and the regional economic commissions. Economic development was a joint international task, a complex and diverse one which went beyond the purely economic sphere and comprised social, cultural, scientific and technical aspects.

32. As the President of the Economic and Social Council had pointed out in the introduction to the report of the Council (A/5503), two international events had constantly influenced the Council's discussions at its thirty-sixth session: the United Nations Conference on the Application of Science and Technology for the Benefit of the Less Developed Areas and the forthcoming United Nations Conference on Trade and Development. The first showed that science and technology were becoming increasingly decisive factors in the advancement of the developing countries and should be regarded as a joint asset of the international community. The United Nations Conference on Trade and Development would have to deal with even more pressing and essential problems, the practical solution of which would depend primarily on the sincerity of the political willingness of Governments to co-operate. The Conference which, as its provisional agenda showed, would make a systematic examination of international trade problems, should mark a new step forward in the necessary adaptation of trade institutions and systems to the new circumstances and requirements of the economic relations between nations.

33. Spain, which had followed closely the work of the Preparatory Committee, would participate with great interest in the work of the Conference itself, as many of the questions with which it would deal were of vital importance to it. In the first place, there were the difficulties encountered on the markets of the industrialized countries by agricultural commodities which often constituted the principal exports of the developing countries, as they did in the case of Spain. It would

not be enough for the industrialized countries to give more ready access to such products; if the developing countries were to be provided with the resources needed for their development, their exports of manufactures and semi-manufactures would have to increase sevenfold in the next twenty years. In order to achieve that, the developing countries would have to try to improve the quality of their products and their marketing systems and direct their efforts as far as possible towards liberalization of trade and payments. The industrialized countries, for their part, would have to lower the barriers they had erected to trade in certain commodities, especially agricultural commodities, and adopt other measures already mentioned by the Preparatory Committee.

34. The development of Spanish agriculture during the past five years had been marked by considerable progress in the liberalization of trade and by the granting of additional facilities for foreign investment, which had increased. The result had been, during the first eight months of 1963, an increase in imports of 31.8 per cent compared with the corresponding period in 1962, during which imports had increased by 44 per cent in relation to 1961. Spanish exports, however, had remained at the 1961 level, and the possibilities of increasing them were to a large extent hampered by the unfavourable policy of many countries, both developed and under-developed, which were Spain's traditional customers.

35. Certain countries, including his own, found themselves in a rather difficult position because of the proliferation of regional economic groupings. The preferential treatment given to the members of those groups constituted indirect discrimination against the exports of third countries and weakened their competitive position. It was thus the responsibility of the industrialized countries, even more than the rest, to observe a liberal trade policy at all times, which would help to stimulate the progress of the less-developed regions. That placed them under an obligation not to cut down their imports, and particularly those from the developing countries, in order to combat any inflationary pressures to which they might be subjected.

36. The growing complexity of the Economic and Social Council's fields of activity, and the increase in the number of Member States, made it imperative to enlarge the membership of the Council so as to secure a more equitable geographical representation. At the fifth session of the Economic Commission for Africa, the Spanish delegation, which he had headed, had voted in favour of the draft resolution on that question, which had been submitted by the African countries and had become ECA resolution 81 (V). It was to be hoped that the General Assembly would find a positive solution to that problem.

37. The Spanish economy was at present going through a period of rapid expansion owing chiefly to the considerable rise in investment, particularly private investment, and to increased domestic demand resulting from wage increases made possible by higher productivity and collective agreements. Prices had changed little since 1959. Food prices, however, had shown a tendency to rise in 1962 and in the first quarter of 1963, partly because of poor harvests and the hard winter, which had affected most of Europe. Prices of industrial products, on the other hand, had risen only slightly, because of increased industrial productivity and the rise in imports.

38. Spanish imports had increased considerably since 1961 and in 1963 would reach a level of about \$2,200 million. Most of those imports were capital goods for the modernization of Spanish industry, which would in turn help to improve the position of Spanish products on the international market. The rise in exports, which had been spectacular in 1960, had slowed down since then because of fluctuations in the harvests, which had increased the demand for, and limited supplies of, certain traditional agricultural exports, and because of the unfavourable situation on the international market for certain industrial products. However, income from invisible trade had compensated for the deficit in the trade balance, with the result that foreign currency reserves, which amounted to more than \$1,000 million, had even increased slightly in 1963.

39. The present Spanish trade policy was aimed at making the best possible use of currency reserves, utilizing foreign trade as an instrument for economic development. That policy would continue to facilitate imports of goods needed for development and at the same time encourage exports, so as to ensure a balance of external payments. Measures were being studied to increase the flow of export credits and make export credit-insurance more effective; consideration was also being given to a more flexible tax-abatement policy for exported goods.

40. The coming period would be decisive for Spain's economic future. In addition to a marked expansion of the economy, a series of basic requirements had been met which gave grounds for hoping for accelerated development. Those requirements, listed in the report, recently published by the Organization for Economic Co-operation and Development, on the Spanish economy,^{2/} fell into two categories. On the one hand, there was the supply of skilled industrial manpower, an adequate technical and scientific level, a basis for industry, already well established in certain areas, an energetic entrepreneurial class, a diversity of natural resources, and a basic material and institutional infra-structure; and on the other hand, there were the important and positive results obtained by Spanish policy through its stabilization programme, including a high level of private savings, sound public finances, substantial foreign currency reserves and a favourable balance of payments. In view of those basic conditions and the transformation which the economy was undergoing, the Spanish Government had thought the time ripe to incorporate the process of growth into an economic development plan for the period 1964 to 1967. The plan would be mandatory as far as the public sector was concerned and would serve as guidance for the private sector. A 6 per cent annual cumulative rate of growth of the gross national product was envisaged for those four years. Per capita income, which had been \$308 in 1962, would thus rise to \$462 by 1967. During that period, public investment would be concentrated chiefly on transport, agriculture, education and housing, and would reach a level of about \$5,500 million. The financing of the plan would require, apart from national savings, more than \$400 million in foreign capital annually. It would be made up of public and private capital and of capital supplied by international financing agencies, in particular the International Bank.

41. Fortunately, Spain had a high capacity to absorb foreign credit, owing to its solvency and its very small external debt. In order to adapt the institutional

^{2/} Economic Surveys by the OECD, Spain, Paris, June 1963.

framework of Spanish exports to development needs, the banking system had been reformed and a revised tax system was in the course of preparation. All those factors made it possible to take an optimistic view of the future of the Spanish economy and promised greater well-being and a higher standard of living for the Spanish people. Those promising developments would depend to some extent, however, on an adequate increase in exports, which would mean that the efforts now being made at GATT, and those of the forthcoming United Nations Conference on Trade and Development, would have to achieve positive results as regards transforming the structure of international trade and placing it at the service of development.

42. Mr. GHAUS (Afghanistan) said that the international community could not live in harmony and achieve stability if the world's present urgent economic problems were not solved by co-operation and understanding among all nations, rich and poor, developed and developing. The political emancipation of the peoples had become a reality but the world economic infra-structure had changed very little. The conditions of trade between the developed and the developing countries were still unsatisfactory. The expansion of markets for the products of the primary producing countries was impeded by a whole series of restrictive measures and artificial barriers set up by the developed countries and by the establishment of regional economic groupings. The sharp fluctuations in the prices of primary products and raw materials had a harmful effect on the already fragile economies of the developing countries. The Commodity Survey, 1962 (E/CN.13/57) showed that exports of primary products had declined in both volume and price, although there had been a general increase in the price of manufactured goods produced chiefly by the industrialized countries.

43. In his statement (881st meeting), the Under-Secretary for Economic and Social Affairs had noted that although commodity prices had risen by 3 per cent during the first quarter of 1963, there was no justification for assuming a permanent reversal in the trend, since in several cases the rise had been due to special circumstances. In fact, there had been no important change in economic trends during the past year. Artificial barriers to trade persisted, and the gap between the standards of living of the developed and the developing countries continued to grow. If the unfavourable trend in the terms of trade persisted, the developing countries would find it increasingly difficult to carry out their development plans. Their growth rates would remain low as long as their export earnings did not increase, even if they received more financial aid. Such aid needed to be supplemented to a large extent by trade, and practical steps should be taken to that end. Such a normalization of trade would not be easy, but it would certainly be possible, if goodwill was shown, to find solutions satisfactory to all countries.

44. The United Nations Conference on Trade and Development would give Member States an excellent opportunity for an over-all study of world trade problems and for finding a common denominator acceptable to all. The excellent work done by the Preparatory Committee had laid the groundwork for the Conference. The latter would have to consider all the special problems affecting various countries and regions. It must not confine itself to stating general principles, but must take specific measures

which would have a positive influence on world trade, draw up programmes of preferential treatment for certain primary products exported by the developing countries, and make a detailed study of the effects of regional economic groupings on foreign trade. It must also take into account the special situation of land-locked countries and take concrete measures in that regard. The traditional right of transit of land-locked countries had been affirmed in many international conventions and treaties, and the General Assembly had decided in resolution 1028 (XI) that that right should be recognized as a way of promoting international trade. The majority of land-locked countries remained at a disadvantage in that respect, and the countries which were situated far from world markets were in a still more critical position. Those considerations had led his delegation to submit an amendment to the draft declaration on international economic co-operation which had been placed before the General Assembly, at its fifteenth session, by the USSR delegation. The ad hoc Working Group established under Council resolution 875 (XXXIII) to examine that draft declaration and the amendments thereto with a view to its adoption by the Council and the General Assembly had not had time to complete its work. It was to be hoped that it would have done so before the thirty-seventh session of the Council and that the Preparatory Committee of the United Nations Conference on Trade and Development would give full attention to the draft declaration.

45. Despite the important national and international measures taken since the proclamation of the United Nations Development Decade with a view to attaining the objectives set in General Assembly resolution 1710 (XVI), the situation was still far from satisfactory. The success of the Decade depended to a large extent on the strengthening of international co-operation and assistance. In that regard, it was of prime importance that the flow of capital and technical assistance to the developing countries should be speeded up. It was generally recognized that industrialization was the prerequisite to all the other forms of economic development. But the execution of industrialization programmes was hampered in almost all the developing countries by lack of capital and skilled personnel. Since capital formation was fairly slow in the developing countries, those countries depended mainly on the flow of foreign capital, especially foreign private capital. But studies showed that the countries with the lowest per caput incomes were receiving less per caput assistance than the countries with higher national incomes. Although the flow of capital and re-investment had swelled in the past few years, it was unevenly distributed. Despite the very liberal terms offered to foreign investors, Afghanistan was having great difficulty in attracting enough foreign private capital. The shortage of skilled personnel was so acute that the developing countries often had to abandon their industrial projects. Afghanistan was receiving much-valued assistance in the field of industrialization and economic development in general from the technical assistance services of the United Nations, from the Special Fund and from a number of friendly countries, but its problems were so great and its needs so urgent that that aid remained insufficient.

46. His delegation regretted that the United Nations capital development fund had not yet been set up. It agreed with most members of the Committee on a United Nations Capital Development Fund that the General Assembly should be recommended to instruct

the Secretary-General to make a study of the practical measures to be taken to transform the Special Fund into a capital development fund encompassing pre-investment and investment activities. His delegation hoped that study would be completed and circulated before the United Nations Conference on Trade and Development was convened and that it would form part of the documentation submitted to the Conference. As far as the decentralization of United Nations economic and social activities was concerned, his delegation was in favour of all measures calculated to increase the efficiency of United Nations bodies. It welcomed the strengthening of all the regional commissions, particularly ECAFE, to which Afghanistan belonged, but believed that it would be to the advantage of the various developing countries, where their national projects and programmes were concerned, to remain in direct contact with Headquarters or with the headquarters of the specialized agencies responsible for technical assistance. The resident representatives had a very important role to play in that regard, and their position should be strengthened. The activities of the regional commissions should be intensified to enable them to carry out purely regional projects. The decentralization of United Nations economic and social activities should be well-balanced and must be undertaken and carried on with caution.

47. His delegation had no doubt that closer co-ordination between the technical assistance programmes of the United Nations would add to their effectiveness. The Economic and Social Council and the General Assembly would take a decision on the various problems relating to co-ordination on the basis of the final report of the *ad hoc* Committee established under Council resolution 851 (XXXII), which was to meet at the beginning of 1964. His delegation would express its views on that subject at an appropriate time.

48. One of the important events of the year had been the United Nations Conference on the Application of Science and Technology for the Benefit of the Less Developed Areas. It was to be hoped that the Council would take the necessary follow-up action.

49. His delegation favoured the establishment of a United Nations training and research institute, which would be very useful in training nationals from the developing countries for administrative and executive posts in the United Nations and the specialized agencies, as well as for service in their national administrations.

50. Lastly, while the future progress of the developing countries depended principally on their own systematic efforts, it would be difficult, if not impossible, for them to attain a higher level of development without the intensive and sincere co-operation of the industrialized countries.

51. Mr. Mohamed Kassory BANGOURA (Guinea) said that under-development was one of the fundamental contradictions which gave rise to international conflict and insecurity. Just as each period in the life of the individual was characterized by its own particular imperatives and needs, the situation in which most of the developing countries found themselves upon their emergence from the colonial era was such that they must strive to improve their mediocre living conditions.

52. In order to overcome their general backwardness, the African peoples must, after political independence, win the economic independence without which the

former would be meaningless. Immediately upon its accession to independence, Guinea had embarked on a radical transformation of its economic structure. On 1 March 1960, it had reformed its monetary system. On 1 July 1960, it had launched its first three-year economic and social development plan, giving priority to the expansion of agriculture, the development of natural resources and the establishment of basic industries. In order to reorganize domestic and foreign trade, the Government had founded various banking and credit institutions, insurance companies and producers' co-operatives. In three years, investments had risen to \$180 million, or the equivalent of the capital invested by the former colonial Power in the period 1948-1958.

53. Thanks to the efforts of the Guinean people and to assistance from friendly countries, all those projects had been carried through successfully. Conakry possessed one of the most modern airports in Africa, and the construction of the polytechnic university was almost completed. The Kobaya brick works was ready to begin production, and the construction of a furniture factory and a tobacco and matches factory was almost finished. Great efforts had been made to create an infra-structure of roads, railways and ports. The output of rice and agricultural export commodities had doubled. Lastly, the chemistry, mineralogy and petrography laboratory, soon to be built, would supervise the prospecting and exploitation of the country's immense mineral wealth.

54. The execution of all those programmes called for enormous investments, both materially and in terms of technical skills, and raised the problem of foreign aid. Despite the still painful memories which colonialism had left in its wake, the African peoples were aware of the bonds which united them with the other peoples of the world. They were convinced that co-operation among nations would lead to a better understanding of the problems which faced all mankind. In its present recovery efforts, Africa meant to profit by the experience of all other countries, especially the developed countries. But its faith in man's common destiny was matched by the desire to preserve its personality and to safeguard its originality. For that reason, it was already to accept foreign assistance from whatever quarter it should come, provided such assistance was not accompanied by political conditions.

55. That position was in keeping with Africa's determination to contribute to international stability, with a more realistic conception of the role which it should play in a world dominated by antagonistic Powers possessing a fund of knowledge and wealth which profited none but themselves.

56. The whole commercial policy of the colonial era had been based on a very special conception of trade, on a two-way flow which had carried the colony's raw materials to the metropolitan country and the manufactured products of the metropolitan country to the colony. That idea belonged to the past; the industrialized countries should no longer be able to buy primary commodities from the less developed countries at insignificant prices and sell them very high-cost finished products in return. Accordingly, the African countries should agree among themselves on a minimum economic programme and should strengthen their commercial ties. Their needs were to some extent complementary, and they should turn that advantage to account by setting up an African common market which would enable them to present a united

front in the defence of their interests and to protect their raw materials from speculation.

57. A common market would permit the African countries to enter into co-operative agreements with other economic groupings. In addition, they would be able to consider establishing a sliding scale for world prices of primary commodities and to create an equalization fund by means by which they could escape the effects of the bottle-necks which from time to time occurred in the international market.

58. For those various reasons, the Guinean delegation reposed great hopes in the forthcoming United Nations Conference on Trade and Development, which was to provide means of improving the terms of trade and eliminating customs barriers and tariff discrimination. Naturally, the young nations felt that the Conference would open up the way to the conclusion of international agreements which would pay due regard to their interests. The Conference would be of supreme importance to the developing countries, for the establishment of a prosperous economy was inconceivable without an expansion of world trade on better balanced foundations. While the prices of primary commodities, exports of which brought most of the under-developed countries up to 90 per cent of their earnings, were subject to constant fluctuation and decline, the disproportion between the prices of those commodities and those of finished products went to swell the profits of the rich countries. When exports of primary commodities expanded, the fluctuations in their unit value helped to maintain the steady impoverishment of the under-developed countries. Accordingly, concerted international action was needed to stabilize prices.

59. Guinea hoped that the United Nations Development Decade would become a reality and felt that the assistance programme should be closely integrated in national and regional plans and that transfers of funds between the various sectors of technical assistance should be facilitated. National programmes should be

replaced by regional programmes. Financial assistance to the developing countries was still inadequate, and the Special Fund's resources should be expanded. The Guinean delegation was in favour of establishing a capital development fund and supported the proposal that the flow of capital towards the developing countries should be accelerated. Guinea had enacted an investment code offering foreign capital every necessary guarantee.

60. At a time when the vast majority of the people of the world still lived in poverty, armaments continued to absorb an excessive part of world resources. The funds used for armaments should be released so that they could contribute to the development of the world economy; the great Powers had great responsibilities in that respect.

61. The Guinean delegation favoured the decentralization of United Nations activities and the strengthening of the regional economic commissions. It welcomed the establishment of the African Institute for Economic Development and Planning and of the African Development Bank.

62. While the under-developed part of the world still had a long way to go on the road to development, the progress it had already achieved showed that changes had taken place which freedom and independence alone had made possible. Whereas relations between the colonial Powers and the colonized countries had once been based on force, human relationships were now being created between all nations of the world. The United Nations was one of the manifestations of the solidarity which should exist between States. Even if, in a hundred years time or more, inequalities still survived in the world, Guinea for its part would be proud of having devoted all its efforts to establishing the principle of equality between all men, whatever their colour, race or nationality.

The meeting rose at 5.35 p.m.