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**ADDENDUM TO THE REPORT
OF THE
ECONOMIC AND SOCIAL COUNCIL**

**GENERAL ASSEMBLY
OFFICIAL RECORDS : TWENTY-SECOND SESSION
SUPPLEMENT No. 3A (A/6703/Add.1)**

UNITED NATIONS

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ADDENDUM TO THE REPORT OF THE ECONOMIC AND SOCIAL COUNCIL

GENERAL ASSEMBLY

OFFICIAL RECORDS : TWENTY-SECOND SESSION

SUPPLEMENT No. 3A (A/6703/Add.I)



UNITED NATIONS

New York, 1968

NOTE

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

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^a The addendum to the report of the Economic and Social Council consists of a report on the Council's consideration, at the 1508th to 1513th meetings of its resumed forty-third session, held between 1 and 14 November 1967, of the items on the agenda of the resumed session arising out of or giving rise to action by the General Assembly at its twenty-second session.

^b Item on the agenda of the twenty-second session of the General Assembly.

REPORT OF THE ECONOMIC AND SOCIAL COUNCIL ON ITS RESUMED FORTY-THIRD SESSION

Chapter I

REPORT OF THE TRADE AND DEVELOPMENT BOARD TO THE GENERAL ASSEMBLY*

1. At its resumed forty-third session¹ the Council had before it the report of the Trade and Development Board of the United Nations Conference on Trade and Development (UNCTAD) covering the period 25 September 1966 to 9 September 1967 (A/6714).² The Council also had before it, for its information, a report of the Secretary-General on the proposed UNCTAD/GATT International Trade Centre (A/6879).³

2. In introducing the report of the Trade and Development Board, the Secretary-General of UNCTAD stated that the Board, at its fifth session, had completed the arrangements both substantive and organizational, for the second session of the United Nations Conference on Trade and Development, to be held at New Delhi in February and March 1968. The Board had adopted unanimously the provisional agenda of the Conference and had reached a consensus on the particular questions of international trade and finance that appeared to have reached a stage at which agreement could be achieved. He noted, however, that this did not involve any decision concerning the relative importance and urgency of the various items included in the agenda. The Secretary-General of UNCTAD felt that the Board had contributed to creating the conditions for negotiations on specific and selected matters of immediate interest to the developing countries with a view to arriving at agreement on appropriate programmes of practical action.

3. The Secretary-General of UNCTAD reviewed those matters on the provisional agenda which had been selected by the Board as "points of crystallization". With regard to the question of access of primary commodities to the markets of industrialized countries, he said that at its second session the Conference was expected to seek concrete solutions to the problems that the Kennedy Round of negotiations had left unsolved. He emphasized the importance of the discussions within the Organization for Economic Co-operation and Development (OECD) on the proposal for a general non-discriminatory preferential scheme for the manufactures and semi-manufactures exported from the developing countries. The debate on this matter in the Conference should lead to agreement on the main outline of such a preferential scheme. The item on trade relations among developing countries deserved special attention in view of the fact that the most enlightened policy of the developed countries would not be sufficient if the developing countries themselves did not promote their reciprocal trade. The Conference was also expected

to deal, in that respect, with the contribution the developed countries might make to the efforts by the developing countries to strengthen their commercial relations. The trade relations between the socialist countries and the rest of the world, in particular the developing countries, were of significance to the trading community as a whole, and the Conference was expected to continue the very constructive deliberations that had taken place on this subject since the inception of UNCTAD. The world food problem had been included in the agenda of the Conference because the Board felt that food production was an integral part of economic development. Financial matters, including the question of the transfer of financial resources to developing countries, the terms and conditions of such transfers, the problem of the debt service burden, supplementary financing and the financing of buffer stocks, would be considered by the Conference on a priority basis. Based on the relevant report of the International Bank for Reconstruction and Development and on the deliberations and conclusions of the Intergovernmental Group on Supplementary Financing, the Conference was expected to arrive at an agreement concerning the basic principles that should guide the operation of a supplementary financing agency. The special problems for the least developed among the developing countries had been receiving increasing attention within UNCTAD and were expected to be considered in some detail at the second session of the Conference.

4. The Secretary-General of UNCTAD expressed the conviction that the second session of the Conference would make a significant contribution to the global strategy for development and international co-operation which was required in order to tackle the problems of economic growth and development financing. He noted that it had become increasingly clear that the United Nations Development Decade would not achieve its objectives and that therefore convergent measures by all countries were necessary and urgent.

5. In referring to the proposals that were being presented to the General Assembly for the establishment of a joint UNCTAD/GATT international trade centre, the Secretary-General of UNCTAD reviewed the activities of the United Nations and GATT in the field of export promotion and stated that, in order to avoid continued duplication, he and the Director-General of GATT had agreed to propose a merger of the resources and efforts of both organizations to provide further and more effective assistance to the developing countries.

6. The Secretary-General of UNCTAD stated that at the invitation of the Algerian Government he had participated as an observer in the ministerial meeting of the developing countries that had taken place recently at Algiers. He had also accepted an invitation from

*Item on the agenda of the twenty-second session of the General Assembly.

¹ E/SR.1508-1509.

² *Official Records of the General Assembly, Twenty-second Session, Supplement No. 14.*

³ *Ibid.*, *Twenty-second Session, Annexes*, agenda item 38.

the member Governments of OECD to participate in a meeting to be held under the auspices of that organization in preparation for the New Delhi Conference. He felt that the Algiers meeting had been significant in that it had shown the unity of purpose and action achieved by the developing countries and in that the meeting had been characterized by a spirit not of confrontation but of compromise and conciliation. The meeting had also shown that the developing countries attached considerable importance to the need to adopt at the second session of the Conference a selective approach on the various issues included in the agenda. The spirit shown by all the States members of UNCTAD during the preparatory stage of the Conference would no doubt lead to the adoption by the Conference of concrete solutions to specific problems. It could thus be anticipated that the Conference would be in the main a negotiating and action conference which would further develop the policies adopted in 1964.

7. In the ensuing debate many representatives stressed the importance attached by their Governments to the second session of the Conference. They expressed satisfaction with the preparatory work accomplished by the Trade and Development Board and underlined the constructive approach adopted by the Board in its consideration of the provisional agenda. In this connexion, reference was made to General Assembly resolution 2206 (XXI) in which the Assembly had emphasized the need for the Conference to concentrate on a limited number of fundamental and specific subjects with a view to achieving practical and concrete results by means of negotiation aimed at securing the greatest measure of agreement. It was felt that the second session of the Conference would provide an opportunity for the examination of major issues of trade and development and for building upon the achievements of the first session. A number of delegations noted that the consensus achieved at the fifth session of the Board regarding the items that appeared to have reached a stage at which agreement could be achieved would no doubt facilitate the deliberations of the Conference and lead to the adoption of concrete and practical solutions. The success of the Conference would not depend on the length of its agenda but rather on the spirit in which the various items were considered and on the approach of member States to the problems of international trade and finance.

8. Reference was also made to the statement by the President of the Board in which he had said that the Board had generally agreed during its fifth session that the three basic objectives of the Conference would be: (a) to evaluate once more the economic situation and its implications for the implementation of the recommendations of the first session of the Conference; (b) to achieve, through suitable negotiation procedures, specific results likely to ensure real progress in international co-operation for development, and (c) to explore and investigate matters which required more thorough study before agreement could be reached. A number of delegations also stressed that further action should be taken at the second session for the implementation of the recommendations adopted at the first session.

9. Some representatives referred to the pre-Conference meetings which were designed to work out joint policies for discussion at New Delhi and emphasized that such meetings were an expression of the determination of the States members of UNCTAD to estab-

lish a dialogue, rather than a confrontation, regarding the problems to be considered by the Conference. In this connexion it was noted that, being a universal forum, UNCTAD provided a suitable framework for the consideration and negotiation of matters that were ripe for agreement.

10. Attention was drawn to paragraph 14 of the annual report of the Board, in which it was stated that during the fifth session the representative of a developing country had noted with some concern that as yet nothing had been done to acquaint public opinion with the objectives of the second Conference. That representative had also considered that in the matter of publicity the secretariat of UNCTAD should collaborate with interested organizations and with Governments and had regretted the discriminatory policy followed hitherto by certain Powers in the field of trade and development. In his opinion, international co-operation should be institutionalized in such a way as to place at the disposal of UNCTAD the means of taking direct and impartial action against underdevelopment.

11. Some representatives referred to the conclusion of the Kennedy Round of negotiations. It was felt that the Conference would provide an opportunity to evaluate the results of those negotiations and to take further action, in particular with regard to the trade interests of the developing countries which, in the opinion of several delegations, had not been fully met within the framework of the Kennedy Round.

12. Reference was made during the discussion to the manner in which problems of co-ordination were being tackled by the Board. Several representatives welcomed the proposal made by the Secretary-General of UNCTAD and the Director-General of GATT for the establishment of a joint international trade centre which would assist the developing countries to promote their exports. It was considered that such a scheme would avoid further duplication and dispersal of activities and would make a positive contribution to the trade promotion efforts that were being made at the international level.

13. The significance of trade between countries having different economic and social systems, as an integral part of world trade, for the achievement of the objectives of the Conference was noted. One representative stated that the Conference should aim at its second session to improve "East-West" trade relations and to avoid any discriminatory policies, as such action would not only benefit the countries concerned but would also stimulate the trade of the developing countries.

14. Several delegations mentioned the recently concluded ministerial meeting of the developing countries and stressed the importance of the "Charter of Algiers", which contained the conclusions of the delegations participating in the meeting, as a positive and valuable contribution to the preparations for the second session of the Conference. It was felt that the charter reflected the intention of the developing countries to ensure genuine progress at New Delhi.

15. At the conclusion of the discussion the Council, by its resolution 1282 (XLIII), transmitted the annual report of the Trade and Development Board to the General Assembly and drew the Assembly's attention to the comments and observations made in the Council and also to the statement of the Secretary-General of UNCTAD.

Chapter II

PROGRAMME OF CONFERENCES AND MEETINGS IN 1968

16. The *Ad Hoc* Working Group of Experts established by the Commission on Human Rights,⁴ which the Council by its resolution 1216 (XLII) had entrusted with the task of examining allegations of infringements of trade union rights in the Republic of South Africa, submitted to the Council, at its resumed forty-third session, a request to the effect that it should be allowed to extend its session in January 1968 by one week. The request was brought to the Council's attention in a note by the Secretary-General (E/4436).

17. In the course of the discussion⁵ of the Working Group's request, several representatives stressed the importance and complexity of its task and the need to grant the extension for which it had asked.

18. A few representatives, however, also reiterated their concern at the increasing tendency on the part of subsidiary bodies to seek to prolong their sessions, thus aggravating the problems existing as a result of the already overloaded calendar of conferences. The hope was expressed that those bodies would take note of the Council's concern.

19. The Council decided to grant the request of the Working Group and to make a necessary consequential change in the date of the session of the *Ad Hoc* Committee on Periodic Reports on Human Rights of the Commission on Human Rights.

⁴ See *Official Records of the Economic and Social Council, Forty-second Session, Supplement No. 6*, para. 268, resolution 2 (XXIII).

⁵ E/SR.1509.

GENERAL REVIEW OF PROGRAMMES AND ACTIVITIES IN THE ECONOMIC, SOCIAL, TECHNICAL CO-OPERATION AND RELATED FIELDS: REPORT OF THE ENLARGED COMMITTEE FOR PROGRAMME AND CO-ORDINATION*

20. The Council at its resumed forty-third session took up^a the general review of the programmes and activities in the economic, social, technical co-operation and related fields of the United Nations, the specialized agencies, the International Atomic Energy Agency, the United Nations Children's Fund and all other institutions and agencies related to the United Nations system. It had before it the report of the Enlarged Committee for Programme and Co-ordination (E/4435) which had been submitted in accordance with General Assembly resolution 2188 (XXI). It decided to consider at the same time an item entitled "Proposal for a review of agencies and programmes within the United Nations family", which had been placed on the agenda in accordance with Council resolution 1173 (XLI). In connexion with that proposal the Secretary-General had submitted to the Council the following documentation: the second report of the *Ad Hoc* Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies (A/6343); reports of the Secretary-General (A/6803) and of the Advisory Committee on Administrative and Budgetary Questions (A/6853) on the implementation of the recommendations of the *Ad Hoc* Committee, and the report of the Enlarged Committee for Programme and Co-ordination on its first session.

21. The report of the Enlarged Committee for Programme and Co-ordination was a preliminary report covering the progress the Committee had made at its first session in carrying out the general review called for in General Assembly resolution 2188 (XXI). The report stated that the Committee had agreed on the format of the "clear and comprehensive picture" of the existing operational and research activities of the United Nations family of organizations in the field of economic and social development, which would provide a basis for its assessment and recommendations under General Assembly resolution 2188 (XXI). It had drawn up a list of topics which it might examine in depth at later stages in its work, and had requested the Secretary-General, in co-operation with the executive heads of the agencies and within the limits of existing resources, to arrange for the preparation of annotations on these topics. The Committee had also requested the Secretary-General to prepare the preliminary draft of a consolidated handbook for requesting technical assistance from the organizations of the

United Nations system. It had further decided to establish an intersessional working group to consult with the Secretary-General at appropriate times before its next session about the preparation of the documentation requested by the Committee and to review the timing of the Committee's second session.

22. During the discussion, members of the Council expressed satisfaction with the report of the Enlarged Committee, which provided useful guidelines for the important work to be carried out under General Assembly resolution 2188 (XXI). While recognizing that the report was only a preliminary one, they generally endorsed the programme of work outlined in it.

23. It was noted that the work of the Enlarged Committee had led to a clarification of views on the general review and that the Committee had effectively defined the ways in which it should carry out its mandate. It was also stressed that the Committee should concentrate on specific issues.

24. Members of the Council looked forward to the results of the Committee's future deliberation. It was hoped that the Committee's work would lead to more effective utilization of the limited resources available to the United Nations family of organizations in the economic and social field. The hope was also expressed that the Committee would make recommendations that would lead to the improvement of co-ordination and the establishment of priorities, and that it might suggest measures to improve the procedures for formulating programmes in the United Nations family.

25. Various observations were made regarding the proposal for a review of the agencies and programmes within the United Nations family. It was suggested that the Council might request the Enlarged Committee for Programme and Co-ordination to consider matters relating to this question in conjunction with the general review. It was, however, also suggested that the existing general review met the concern which had given rise to the proposal. Another view expressed was that the question might more appropriately be taken up by the Committee for Programme and Co-ordination.

26. At the conclusion of the debate, the Council adopted resolution 1285 (XLIII), in which, after taking note with satisfaction of the report of the Enlarged Committee for Programme and Co-ordination, it decided to transmit the report of the Enlarged Committee to the General Assembly and invited the attention of the General Assembly to the Council's comments on that report.

* Item on the agenda of the twenty-second session of the General Assembly.

^a E/SR.1511, 1513.

INTERNATIONAL FINANCIAL PROBLEMS

SECTION I. PROMOTION OF PRIVATE FOREIGN INVESTMENT IN DEVELOPING COUNTRIES

27. The Council had decided at its forty-third session⁷ to defer action on a draft resolution submitted by Dahomey (E/AC.6/L.369) until its resumed forty-third session, to await fuller information from the Secretary-General on one of the recommendations contained in the summary and conclusions (E/4293 and Corr.1) of his report on the promotion of private foreign investment in developing countries.⁸ The Council had before it⁹ at its resumed session a note by the Secretary-General (E/4293/Add.2) giving the full text of the relevant section of that report. In the light of the information in that document, Dahomey submitted a revised draft resolution (E/L.1193).

28. In the course of the discussion,¹⁰ a number of representatives expressed their appreciation to the delegation of Dahomey for having revised its draft resolution to take into account the views that had been expressed at the forty-third session and to avoid the financial implications of the original draft. A number of representatives stated that, though they did not object to the draft resolution under discussion, they felt that normally the Council should not adopt a resolution on a Secretariat report if the full text of the report was not available.

29. The Council adopted the draft resolution (E/L.1193), as orally amended during the discussion, without a vote. The representative of the USSR explained that his delegation had no objection to the resolution but would have abstained if a vote had been taken, since the Soviet Union, not being an exporter of private capital, was not concerned with its subject-matter.

30. By this resolution (1286 (XLI)), the Council, taking note with appreciation of the summary and conclusions of the Secretary-General's report, asked the Governments of developed and developing countries to give serious consideration to the specific recommendations of policy and action contained therein; requested the Secretary-General to consult with Governments and international organizations regarding those recommendations and their possible implementation and to provide assistance to Governments, on request, in the application of measures designed to increase the flow of suitable foreign investments. The Council also invited the Administrator of the United Nations Development Programme to give sympathetic consideration to requests for support in the implementation of such measures, and called for periodic reports by the Secretary-General on the actions taken and the results achieved in accordance with the resolution.

⁷ See *Official Records of the General Assembly, Twenty-second Session, Supplement No. 3*, para. 162.

⁸ To be issued as a United Nations publication.

⁹ E/SR.1509.

¹⁰ E/SR.1513.

SECTION II. REPORTS OF THE WORLD BANK GROUP

31. The annual report of the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA)¹¹ and the annual report of the International Finance Corporation (IFC),¹² as well as the summary of the 1966-1967 annual reports and supplementary information on developments in the World Bank Group between 1 July 1967 and 23 September 1967,¹³ were considered by the Council¹⁴ at its resumed forty-third session.

32. Introducing the annual reports to the Council, the President of IBRD reported that during the financial year ended 30 June 1967, IBRD and IDA had committed over \$1,200 million for economic development projects in forty countries and that disbursements had reached an all-time high, exceeding \$1,000 million. Investments by IFC had totalled almost \$50 million and had been larger in volume and directed to a broader range of enterprises than in the past. The same pace had been maintained during the current financial year: between July and November 1967, IBRD and IDA had committed about \$450 million and IFC had made investments totalling \$27 million. The President went on to observe that although infrastructure projects—particularly those relating to power and transportation—continued to absorb the bulk of the World Bank Group's financing, the Group was devoting increasing attention to three other priority development areas, namely, agriculture, industry and education.

33. Agriculture was not only a central concern but also a long-standing one. In the early days most of the direct assistance given by IBRD to agriculture had taken the form of loans for large irrigation and flood control work. However, such projects were often too costly or too complex for many of its members, particularly the new ones. The Group was now devoting special attention to providing farm credit, particularly for medium-sized and small farms. Sometimes the Group had helped to start new agricultural banks or credit corporations, and sometimes to strengthen existing ones.

34. The IFC, which evaluated all industrial projects submitted to the Group, had been paying particular

¹¹ International Bank for Reconstruction and Development and International Development Association, *Annual Report, 1966-1967* (Washington, D.C.), transmitted to the Economic and Social Council by a note of the Secretary-General (E/4431).

¹² International Finance Corporation, *Annual Report, 1966-1967* (Washington, D.C.), transmitted to the Economic and Social Council by a note of the Secretary-General (E/4432).

¹³ Summary of the 1966-1967 annual report of the International Bank for Reconstruction and Development, the International Development Association and the International Finance Corporation and supplementary information on developments in the World Bank Group between 1 July 1967 and 23 September 1967 (Washington, D.C.), transmitted to the Economic and Social Council by a note of the Secretary-General (E/4431/Add.1-E/4432/Add.1).

¹⁴ E/SR.1510, 1511.

attention to the possibility of expanding chemical fertilizer production in developing countries. During the previous year, IFC had devoted more attention and more of its money to fertilizer projects than to any other business. Fertilizer production was by no means the only industry to receive financing from the Group, which, during the previous year, had committed over \$400 million for a broad range of industrial projects and for development finance companies. It had committed about \$650 million to the latter companies, which were designed to finance both medium-sized and large industries.

35. The education of men and women who were qualified to run the farms, man the machines and manage the affairs of societies in transition was basic to improved productivity in both agriculture and industry. World Bank Group investment in education was growing, thanks in no small measure to the co-operation received from the United Nations Educational, Scientific and Cultural Organization (UNESCO), but it was still modest in relation to the totality of financing and even more so in relation to the manpower needs of developing countries.

36. Turning to some of the more important non-financial activities of the World Bank Group, the President pointed out that at the time of the Bank's establishment, technical assistance had not been foreseen as one of its principal functions, but it was now devoting a substantial amount of time, effort and funds to that activity, which was always given an operational orientation. Another important non-financial activity was related to the possible establishment of a multilateral investment insurance scheme, now being discussed by the Bank's Executive Directors, which would give private foreign investors the same protection against non-commercial risks as that now offered by several national schemes. A third non-financial activity which had occupied much of the World Bank Group's attention was aid co-ordination. The Bank had organized aid co-ordinating groups for nine developing countries in addition to the India and Pakistan Consortia.

37. In addition, the Economic Development Institute was now in its twelfth year of providing training for senior officials of member Governments. A further non-financial activity which was worth mentioning was an important study recently begun at the request of the Board of Governors, which at the last annual meeting had asked the Bank and the International Monetary Fund to analyse the problem of the stabilization of prices of primary products and the possible role each institution might play in the solution of that problem. The Bank had completed the organization of a task force to work with the Fund on that study.

38. In conclusion, the President emphasized that what the World Bank Group could accomplish depended to a large extent on the environment on which the institutions operated. Political instability was a basic cause of trouble. A further unfavourable factor was the continuing slowness of the increase in the export earnings of the developing countries. Finally, there was the basic problem of the inadequacy of public development finance from abroad. On the latter point, he urged the members of the Council to give careful thought to the suggestion he had advanced in Stockholm two weeks earlier: that to dispel the mistrust, the frustration and the misunderstandings that now plagued the cause of development assistance, the leading experts in the world should meet together, study the consequences of twenty

years of aid to development, assess the results, identify the errors and propose policies and procedures that might be more effective for the future.

39. Meanwhile, the World Bank Group continued to face the problem of obtaining adequate funds for its operations, which was becoming progressively more serious. World Bank bonds were well received by investors, but IDA was still awaiting the collective decision of the contributing nations regarding the replenishment of its resources.

40. In the ensuing debate in the Council, all the representatives who spoke congratulated the World Bank Group on its achievements. Many speakers commended the Group for devoting increased attention to a widening range of activities relating to agriculture, industry and education. A number of representatives welcomed the President's suggestion that a meeting of leading development experts should be convened to discuss the results and errors of twenty years of development and propose effective policies and procedures for the future.

41. Replying to the members of the Council, the President of IBRD assured them that their comments would be carefully considered by the Bank's Board of Governors.

42. The Council, in resolution 1283 (XLIII), took note with appreciation of the report of the International Bank for Reconstruction and Development and the International Development Association and of the report of the International Finance Corporation.

SECTION III. REPORT OF THE INTERNATIONAL MONETARY FUND

43. At its resumed forty-third session, the Council discussed¹⁵ the annual report of the International Monetary Fund (IMF) for the financial year ended 30 April 1967.¹⁶

44. Introducing the report, the Managing Director of the Fund recalled that he had dwelt at some length on the world economic situation when he had spoken to the members of the Council in July 1967.¹⁷ At that time, he had drawn particular attention to the widespread economic slow-down in the industrialized countries that had begun around the middle of 1966, and to its adverse effects on commodity prices and on the exports of the developing countries. In the succeeding weeks, it had become increasingly evident that a cumulative downward movement in the world economy had been avoided. Currently, therefore, the key question concerning the trend of world economic activity related to the timing of a widespread restoration of satisfactory growth rates in the industrial countries. This development, in turn, would depend to a large extent on the pursuit of compatible policies by the major deficit and the major surplus countries in the field of international payments adjustment.

45. The Fund's activity had intensified during the financial year ended 30 April 1967. The membership had grown to 107, and the financial resources had been further enlarged: total quotas now amounted to the equivalent of \$21,000 million. The growth in membership and the enlargement of the financial resources

¹⁵ E/SR.1512, 1513.

¹⁶ International Monetary Fund, *Annual Report of the Executive Directors for the Fiscal Year ended April 30 1967* (Washington, D.C.), transmitted to the Economic and Social Council by a note of the Secretary-General (E/4433).

¹⁷ E/SR.1482.

had been accompanied by increased recourse to the Fund. Drawings had totalled \$1,100 million in the financial year ended 30 April 1967 and \$331 million in the first six months of the current financial year. The Fund's outstanding financial assistance to countries which were largely dependent upon the export of primary products was higher than ever before: it stood at \$2,077 million, shared among forty-three countries, and of that amount \$1,566 million had been drawn by thirty-seven less developed primary producing countries. There had also been an increased resort to the Fund's facility for the compensatory financing of export fluctuations. The number of currencies being drawn from the Fund had increased from sixteen to twenty-one.

46. The Managing Director wished to draw particular attention to the Fund's participation in the work of the United Nations Conference on Trade and Development (UNCTAD). The Fund's compensatory financing facility had been a matter of continuing interest to UNCTAD. In its day-to-day operations the Fund had repeatedly to deal with problems caused in part by fluctuations in members' earnings from exports of primary products: it was therefore interested in constructive international action designed to mitigate such fluctuations. At the Fund's last annual meeting, the Board of Governors had adopted a resolution asking the Fund staff to study, in consultation with the IBRD staff, the problem of the stabilization of prices for primary products, its possible solutions and their economic feasibility. The Fund was prepared to work with its members on any constructive initiative that promised to promote the expansion of their trade and economic well-being.

47. Turning to the proposal for a new facility intended to meet the need to supplement existing reserve assets, the Managing Director emphasized that the Fund had a vital interest in international liquidity. During the past four years, there had been continued consideration of the adequacy of reserves available as of right which might be used by a country without commitments or discussion as to its policies. Considerable progress had been achieved and in September 1967 it had been possible to put before the Board of Governors at their annual meeting at Rio de Janeiro an outline of the proposed facility. The Fund was now engaged in converting the outline into a legal instrument in the form of amendments to its Articles of Agreement. To enter into force, the amendments would require approval by

the Board of Governors and subsequent ratification by three fifths of member countries having four fifths of the total voting power.

48. The reserve asset was to take the form of special drawing rights, which would be available to all members on a non-discriminatory basis. The liquidity to be created would be in unconditional form, but a participant would be expected to use its special drawing rights only if it had a balance-of-payments need or if developments in its total reserves justified the use. Decisions to allocate special drawing rights would be taken in the Board of Governors by an 85 per cent majority of the total voting power, on the basis of proposals by the Managing Director of the Fund concurred in by the Executive Directors.

49. In conclusion, the Managing Director observed that the decision taken at Rio de Janeiro on international liquidity demonstrated the advantages of a multi-lateral institutional approach to such issues.

50. In the ensuing discussion the representatives who spoke thanked the Managing Director for his introductory statement and praised the Fund's work during the past year. One representative observed that if countries persistently mismanaged their own economies, not even the most perfect management of the international liquidity supply could shield them or their trading partners from the consequences. Another representative welcomed the improvement in the Fund's compensatory financing facility and suggested that the Fund should now seek to regulate the economic forces that caused fluctuations in the prices of primary products by participating in efforts to help stabilize those prices at a level which was sufficiently remunerative for the developing countries. A third speaker pointed out that a monetary approach alone would not suffice to solve the problems of development and said that what was needed was a reformulation of international economic policy which would place the world economy on a more stable foundation and provide substantial advantages for the developing countries.

51. Replying to comments made during the discussion, the Managing Director said that the Fund would continue to do everything in its power to solve the problems of the developing countries and would continue to co-operate with the Council, UNCTAD and other members of the United Nations family.

52. The Council, in resolution 1284 (XLIII), took note with appreciation of the report of the Fund.

Chapter V

LANGUAGE SERVICES FOR THE UNITED NATIONS CONFERENCE ON ROAD TRAFFIC*

53. At the resumed forty-third session¹⁸ the Council had before it a note by the Secretary-General (E/4339) in which he brought to the Council's attention a communication which he had received from the Permanent Representative of China to the United Nations regarding the use of the Chinese language in connexion with the United Nations Conference on Road Traffic. In his communication the Permanent Representative stated that the Chinese language would be used and that important documents in Chinese would be needed for the forthcoming Conference. The Permanent Representative requested the Secretary-General to take those needs into account in preparing the draft rules of procedure for the Conference.

54. The Council also had before it a statement by the Secretary-General (E/4439/Add.1) of the financial implications of the provision of Chinese language services for the Conference.

55. In the course of a brief discussion in the Council it was suggested that the request made by the Permanent Representative of China, of which the Fifth Committee of the General Assembly had already been seized,¹⁹ should be carefully considered in the wider context of the practice that should govern the language services to be provided at *ad hoc* conferences of the United Nations.

56. The Council took note of the request of the Permanent Representative of China and decided to transmit it to the General Assembly for its consideration.

* Requires action by the General Assembly.

¹⁸ E/SR.1513.

¹⁹ See *Official Records of the General Assembly, Twenty-second Session, Fifth Committee*, 1183rd and 1197th meetings.

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