

the wrong action by major countries had made the situation worse for everyone. The 10 per cent decline in the growth of world trade between 1973 and 1974 had been without precedent in the post-war period. In addition to extensive unemployment and short-time working in the industrialized countries, a return of many migrant workers to their home countries had increased the vast number of unemployed in the developing countries. There could be no possible justification for an economic system which led to the existence, according to ILO sources, of 300 million unemployed throughout the world. That was one of the most powerful arguments for the introduction of a new international economic order.

90. When trade unionists urged governments to take action to reduce unemployment and to reflate their economies, they were often told that no action was required because recovery was imminent or that reflationary action would make inflationary problems worse. World trade, however, would only begin to expand again when the major economies in the world began to expand. The situation of millions of people would continue to deteriorate until the governments in the most favourable situation took the necessary reflationary measures to ensure economic recovery and even more fundamental action to introduce a new international economic order. Purely financial incentives for investment would have no effect while capacity utilizations remained low. Emphasis must therefore be placed initially on improving public services and on making structural improvements to reduce the bottlenecks which had brought growth to a halt in many economies in 1973-1974 and which threatened any further upswings. The prime objective must be to reduce unemployment rather than merely increase output. ICFTU was appalled that some governments were willing to contemplate high levels of unemployment for several years. It recognized that some governments feared that reflationary measures would intensify inflation. Nevertheless, although the workers bore the brunt of inflation, ICFTU rejected the view that unemployment was necessary to combat it.

91. World prices rose for many different reasons and governments must develop strategies to deal with all of them. Although raw material and some food prices had fallen considerably, another price explosion was possible.

To deal with such scarcity inflation, ICFTU thought that it would be in the long-term interests of all countries to establish commodity agreements.

92. Countries must also pursue more sensible demand management policies. Instead of trying to use traditional fiscal and monetary policies to stabilize their economies, governments should create a level of demand broadly consistent with full employment of people and capital. In fact, the central role of demand management policies controlling the economy should give way to supply management policies, such as active labour market policies, measures to improve productivity, especially in low-productivity sectors, competition and consumer policies, which should be used on a continuous basis to create more flexibility and to reduce bottlenecks generating inflation. *Laissez-faire* economies recognized the tendency of businessmen to raise prices in order to obtain maximum profit and to finance future expansion, but saw free competition as the safeguard. Free competition, however, was now rare. New safeguards for the consumer must therefore be introduced. ICFTU considered that in addition to strengthening monopoly and restrictive practices legislation, direct price controls were necessary and that international co-ordination of such controls was essential in an age of multinational companies.

93. The ICFTU strongly denied that wage costs were the only factor in inflation. Governments should deal with all the causes of inflation in order to create a situation in which workers were not forced to rely on high wage increases to protect themselves against inflation and falling living standards.

94. The difficult task of creating the necessary trust between trade unions, employment and government in order to cope with economic problems such as inflation was made more difficult when unemployment was deliberately allowed to rise, but in a democracy there was no viable alternative to establishing that trust. Enforced wage restraint policies not only failed to tackle the real cause of inflation and were likely to collapse after a short time but they made such trust impossible to achieve.

The meeting rose at 6 p.m.

1966th meeting

Friday, 11 July 1975, at 10.45 a.m.

President: Mr. I. A. AKHUND (Pakistan)

E/SR.1966

AGENDA ITEM 4

Regional co-operation (E/5608/Rev.1, E/5608/Add.1, E/5619, E/5651, E/5656, E/5657 and Corr.1 and 2, E/5658, E/5700; E/L.1665)

1. The PRESIDENT invited the Council to take up agenda item 4, under which it would consider the work of

the regional commissions, together with the question of United Nations efforts for export promotion and development.

2. Mr. STANOVNIK (Executive Secretary, Economic Commission for Europe), introducing the Commission's annual report to the Council (E/5651), said that he would place particular emphasis on the implications for the rest of

the world of the economic development of the countries of the EEC region and would also deal with the contribution which regional co-operation within ECE could make to the establishment of a new international economic order. The discussions which the Commission had had on that question were summarized in paragraphs 44, 170 and 173 to 178 of the report. The Chairman of the Commission had summed up the resulting consensus by stating that just as world events had serious repercussions on the regional situation, increasing account would have to be taken of the consequences of regional action for the rest of the world in any efforts to solve regional problems. The interdependence of the regions, and the interconnexion of various problems, were the dominant feature of recent economic development in the ECE region and throughout the world.

3. He recalled the characteristics of the economic development of the ECE countries during the past five half-yearly periods. The growth rate of the western market-economy countries had fallen from 6 per cent in 1973 to nil in 1974 and had been negative in 1975. Movements in growth or depression especially were of course transmitted through international trade.

4. If the growth in volume of the international trade of ECE countries was examined, it would be noted that it had fallen from 13 per cent in 1973 to 4.5 per cent in 1974 and had given way to a decline in the first half of 1975. The place of exports and imports in that development had differed: in 1974 the former had increased by 7 per cent, while the latter had stood still. If the developing countries, including the petroleum producing countries, were considered, it would be seen that their exports for that year had remained static while their imports had increased by 22 per cent; that showed to what extent the capacities built up since 1973 had been utilized but also how the demand of those countries had still been able to stimulate and increase the exports of some industrialized countries in the first half of 1974.

5. To gain a full idea of the development of trade, however, price movements had to be considered. The growth in 1973 had been accompanied by accelerated inflation in the western industrialized countries of the ECE region, followed by accelerated price rises in international trade, particularly for primary products. From mid-1972 to mid-1974, export prices of primary products had risen by 130 per cent, as against only 28 per cent for those of manufactures. Then from mid-1974 to mid-1975, while prices of primary products, including oil, had stood still, or, in the case of products for industry, had fallen by 36 per cent, prices of manufactures had increased by 30 per cent.

6. Price movements in international trade had brought about profound changes in balance-of-payments and trade balances. The deficit in the trade balance of the industrialized countries of the ECE region, which in 1973 had been small, had changed in 1974 to a deficit of \$30,000 million. The balance-of-payments deficit of the non-oil-producing developing countries had increased from \$12,500 million in 1973 to \$29,000 million in 1974 and, according to GATT, would probably reach \$37,000 million to \$42,000 million in 1975.

7. Those figures should be analysed in relation to production capacity. The western industrialized countries of the ECE region had a population of 700 million and an annual GNP of \$2 million/million. The non-petroleum-producing developing countries had a population of 1,700 million and a GNP of only \$300,000 million. The same balance-of-payments deficit of \$30,000 million therefore represented 1.5 per cent of the former's and 10 per cent of the latter's GNP. If, therefore, the balance-of-payments deficit had been the most serious economic problem confronting the countries of the ECE region since the Second World War, it could be seen how much more serious it was for the countries with a much lower production capacity. That resumé of events and trends showed not only the reality of interdependence but also that, while prosperity only came with time, recession and depression spread very rapidly.

8. There was only remedy for those problems – namely, growth. That would make it possible to absorb unemployment, which had reached 15 million in the western countries of the ECE region. It would also make it possible to deal with inflation, which had already been brought down from 13 to 10 per cent, but at the cost of negative growth. It was only by producing that it would be possible to absorb excess liquidity of the economy. Only growth would make it possible to restore balance-of-payments equilibrium. The use of medium or long-term loans to satisfy short-term consumption merely staved off the problem and failed to solve it. Neither could it be solved by reduction of imports, which slowed down growth and increased unemployment. The solution lay in increased production and productivity. Increased production meant increased exports, and that was where interdependence came in, since the growth of the developing countries conditioned the exports of the developed countries. Regional and world problems could only be solved by world growth. The lesson of the development of prosperity and depression was that growth had to be shared. It was only by restructuring growth that it could be made universal and could be shared.

9. Interdependence and interrelationships could also be seen in the population field. Population growth in the ECE region had declined to only 1 per cent and would be nil in the year 2000. The population of the region, which had represented 30 per cent of world population in 1950, was now only 26 per cent and would be no more than 19 per cent in the year 2000. The region had, moreover, few natural resources. Its future growth could not therefore be a repetition of what it had been: it would be necessary to reconsider the structure of the ECE countries' growth so that it could be diffused and decentralized and so exert a social and cultural effect at the periphery. A slowing down of the population growth rate could then be expected in accordance with demographic laws; the diffusion and sharing of growth could consequently help to solve the problem of population growth.

10. It was in that economic climate that the economic co-operation activities of ECE were being developed. The political situation of the region happily favoured economic co-operation and would do so even more after the conclusion of the Conference on Security and Co-operation

in Europe. If thought was given to the effects such co-operation could have on the economic interests of other regions, the effects of trade diversion and the generator effects of trade had to be weighed.

11. In so far as the exports of the socialist countries of eastern Europe competed directly with the exports of developing countries, increased economic co-operation might entail trade diversion. Future intra-European trade, however, was not in the traditional trade pattern of the exchange of primary products or semi-manufactures for manufactured goods. The traditional specialization by branch should be replaced in the ECE region by specialization by product, which would make it possible to reap the full benefit of scientific and technical results at the international trade level. If the countries of the region specialized in trade in which their excellent technology gave them an advantage, there would be little danger of trade diversion at the expense of other countries. It was essential that ECE should apply its economic co-operation strategy in such a way that the promotion of internal co-operation would not harm the interests of third countries. With regard to the generator effects of trade, the strengthening of economic co-operation in the ECE region would undoubtedly bring about a more vigorous growth in both the East and West of the region and thus promote the growth of imports from the third world.

12. Turning to ECE's recent achievements, he gave an account of the most outstanding among them. With regard to trade, export promotion measures, and particularly the simplification of procedures, had achieved striking progress. In the field of technology, a successful seminar had been held on the organization and management of co-operative international research and a similar seminar on the management of the transfer of technology within industrial co-operation was to open shortly. Country delegations included a growing number of technicians and meetings were thus becoming decreasingly theoretical and increasingly practical in character. Various meetings devoted to innovations in power technology had taken place (gasification and liquefaction of coal, use of steel in motor-vehicle construction, technical and economic aspects of the fertilizer industry) or were in course of preparation (use of coal of low calorific value).

13. With regard to the environment, the seminar on ecological aspects of economic development planning had made it possible to establish a dialogue between ecologists and economists. The main environmental problems were thus increasingly being reduced to the practical problems facing economists. During the past year, considerable interest had been shown in problems of thermal pollution by electric power stations and in techniques of waste-free production and recycling of waste. The role of transportation in the urban planning would be dealt with at a seminar to be held in Washington.

14. Long-term planning had also made remarkable progress. The ECE secretariat had published a study on measures which had been or might be taken to improve the conservation of energy and make its extraction, conversion, transport and use more effective.¹ The study showed that

energy could be utilized twice as effectively as at present in the ECE region. Even if such effectiveness were increased only by 50 per cent, member countries could save 70 years' consumption of coal and 10 years' consumption of oil and natural gas. Work had also been carried out on a system of long-term model economic projections, and sectoral projections had been formulated.

15. The exchange of economic and technical expertise among the most highly developed countries of the world of which ECE was the instrument (400 days of meetings, 35,000 pages of documentation) was a source of valuable technical assistance for the developing countries which should be at their full disposal if they so required.

16. He viewed the future with confidence and optimism. Economic co-operation would probably deepen rather than widen. ECE's activities were based on the non-convergence of the economic and social systems of its member countries. Nothing would change in that respect but more links would be forged. Industrial co-operation and specialization would assume far greater importance in ECE activities. The technical field offered great possibilities for joint research and the sharing of technological achievements. The infrastructure and transport also offered great opportunities; in particular, work was being carried out on a north-south road link project. With regard to the environment, surveillance and standardization would assume great importance in many sectors. Lastly, the political will of which the Conference on Security and Co-operation in Europe was an expression should facilitate exchanges between countries of different economic and social systems on the policies to be applied to the economy and to planning. Those exchanges would help Governments to see where possibilities for co-operation lay. Economic co-operation in the ECE region would have no meaning, however, unless it was so conducted that the growth structure of the region was directed towards its adaptation to the new role it should play in the world economy. Such internal adaptation to changing world circumstances should be ECE's contribution to co-operation and the new economic order.

17. Mr. MARAMIS (Executive Secretary, Economic and Social Commission for Asia and the Pacific), introducing the Commission's annual report to the Council (E/5656), said that the Council was meeting at a critical moment in the Second United Nations Development Decade. The development efforts of the countries in the ESCAP region were particularly vulnerable to such adverse effects of international developments as the world-wide food shortage, global inflation, the recession in the industrialized countries, the instability of the international monetary system, the energy crisis and the trend towards protectionism. All those things were clearly highlighted in the Economic and social survey of Asia and the Pacific, 1974 – summary (E/5699) which contained the mid-term review and appraisal of the International Development Strategy in the ESCAP region.

18. The developing countries of Asia and the Pacific had suffered greatly from inflation and, more recently, from the recession in the developed countries with which they were interdependent. Even if, in the short term, some of them

¹ ECE, document E/ECE/883 and Add.1.

had benefited by the rapid rise of raw material prices, a large number had suffered from the concomitant rise in import prices, as well as from the stagnation in the developed countries. At the same time, the breakdown of the international monetary system and the difficulties experienced by all countries in establishing a new economic and monetary order had affected the region both directly and through the reduced ability of the developed countries to assist them.

19. The world-wide food shortage and the sharp rise in prices of the main sources of energy had been interrelated but distinct aspects of the general economic situation in the region. The low-income countries, where food consumption was already at a minimal level for a large part of the population, had been the worst affected by the food shortage, which was reducing the availability of food aid, raising the prices of food imports and restricting domestic supplies. At the same time, the energy crisis had inhibited development programmes, contributed to inflation and increased the balance-of-payments problems of most of the countries of Asia and the Pacific, regardless of their economic situation.

20. The authors of the regional mid-term review and appraisal also drew attention to the urgent need of reorienting development strategies so as to secure self-reliance and the social objectives of economic growth. On several occasions, the Commission had already emphasized those fundamental elements of development planning and the fact that development efforts should be aimed primarily at giving effective assistance to the member countries in attaining those objectives.

21. The ultimate purpose of development was to improve the living conditions of all sections of the population by eliminating inequalities in the distribution of income and by preventing the spread of mass poverty. The renaming of the Commission and its annual survey clearly showed the importance which ESCAP attached to the unified approach to development. What was called for in the longer term were fundamental changes in strategies and, in particular, "planning for the masses" and thus a complete refashioning in all spheres for the benefit of the poorest classes, decentralization and the participation of the people. Among other things, it would be necessary in the coming years to mobilize human resources for development, and particularly women and young people.

22. The results achieved by the developing countries of Asia and the Pacific had been uneven. Some of those countries had succeeded in, or had come close to, achieving the Second Development Decade target, but they were still vitally dependent on their exports. Those with a slow rate of growth were the most heavily populated ones, which had nevertheless made some progress in social development, particularly in the fields of health and education, although that progress was still woefully inadequate in the light of rapidly increasing needs. As a general rule, the slow-down in growth noted in 1974 was likely to increase in 1975, and poverty, unemployment and under-employment would continue to be serious problems in several relatively populous countries of the region. On the other hand, the cessation of hostilities in Indo-China was an encouraging

fact and the Commission was prepared to help the countries of that region.

23. In the agricultural sector, the growth target of 4 per cent had been attained hardly anywhere, due both to the scarcity of imported agricultural inputs and to climatic instability. ESCAP had therefore accorded priority to the expeditious implementation of a pragmatic and multi-disciplinary programme: in the immediate future it would be necessary to secure adequate inputs for production, if possible from local sources, and to improve rural standards of living and settlement. It was also necessary to secure a greater participation of small farmers in decision-making, and ESCAP's 1975 survey would therefore be directed towards their problems: the development and transfer of farming technology, the marketing of inputs and outputs, the mobilization of financial resources, and land and institutional reforms. However, the problems of nutrition, which were affecting a large part of the rural population, had not been neglected: methods were being studied for improving the use and processing of organic manures and encouragement was being given to regional co-operation in the production, distribution and utilization of chemical fertilizers. Among other things, the Commission had started a major project for the production of bio-gas and had established the Asian Rice Trade Fund, which was a modest step forward towards the stabilization of food supplies in the region. It was also anxious to take urgent action to increase the production of coarse grains and pulses, which had hitherto been neglected; the newly established Committee on Agricultural Development was going to review in detail what had already been done, and what remained to be done on a national level for further follow-up in the field of agricultural development.

24. At the same time, efforts were being made to strengthen the rural sector by encouraging social welfare programmes and community organization, by improving the relevant services and by securing the active participation of women and young people in development. It was clear that for that purpose it was necessary to adopt a multi-disciplinary approach and to ensure co-operation between such disciplines as education, health, industry, agriculture, etc.

25. Most developing countries in Asia and the Pacific had pursued a policy of industrialization, but in some cases industrial production had levelled off because of the lack of agricultural raw materials and energy resources, the increasing cost of import requirements, infrastructural inadequacies and external obstacles to the export of manufactured goods. Those countries among them which were exporters had increased their production, but that increase was slowed down by the rise in import prices, particularly fuel prices, by recessionary trends in the developed countries, while at the same time the boom in commodity prices was phasing out. For presentation to the Second General Conference of UNIDO (Lima, March 1975), the Commission had, at its thirty-first session, adopted, with reservations from certain countries, the Declaration of the Ministers of Industry of the developing countries of the Asia and Pacific region, which reflected the desire of those countries to increase their share of industrial output from 2.7 per cent to about 10 per cent by the end of the

century. The main components of the strategy recommended in that Declaration had been reflected in the conclusions of the Lima Conference (see E/5696), and the ESCAP secretariat was taking action to bring its programme of work into line in pursuance of the directives of the Commission.

26. In order to alleviate the shortage of raw materials and to solve the problems of energy, ESCAP was endeavouring to evolve common strategies and actions for the development, regeneration and conservation of natural resources and to remedy the present under-utilization of industrial capacities. It was also seeing to it that the multinational or transnational corporations would continue to play a positive role in the national efforts of the developing countries. It was necessary for it to give further consideration to means for re-investing the financial resources of certain countries, particularly the oil-producing countries, in the developing countries, and for that purpose to formulate specific programmes and projects.

27. The development of agro-industries continued to receive attention, and the Commission was encouraging possibilities for regional co-operation in that field. A meeting of top planners and entrepreneurs had recently been convened to consider further measures to implement the Asian Industrial Survey.

28. For some time, the Commission had also been interested in the transfer of the technology needed to promote the self-reliance of the developing countries. The preparation of policies and programmes along those lines was well under way, and in its resolution 159 (XXXI), the Commission had emphasized the need to establish a centre for technology transfer in the region. A group of experts from the region had been convened to make a feasibility study of that proposal and to draft a report which would be considered by the Commission at its next session. Meanwhile, considerable progress had been made towards the establishment of the Asian Centre for Agricultural Machinery in the light of the recommendations of a preparatory meeting.

29. The question of energy and raw materials was of major concern to the developing countries. The latter had suffered to a greater or lesser degree from the energy crisis, according to the extent of their dependence on oil and their ability to adjust their economies to price fluctuations. An integrated programme of work, therefore, provided for a whole range of activities, both short-term and long-term, designed to assist the developing countries to solve those problems. In the coming years, it would be necessary to identify and develop new sources of energy, while exploiting and producing various indigenous kinds of energy. For the immediate future, a project for the development of certain non-conventional energy sources, including, among others, work on bio-gas technology and utilization, was going to be implemented on a priority basis. Another project, which was intended to promote regional and sub-regional co-operation in the development of raw materials, had also been formulated.

30. The results obtained by several developing countries of Asia and the Pacific in foreign trade, particularly in

exports of manufactures, were more promising. However, exports of agricultural products, still the most important item, were tending to decline. The Commission welcomed the recent establishment of the Asian Clearing Union and the progress made by the Trade Negotiations Group. Before the fourth session of UNCTAD, it would be necessary to intensify the efforts made to ensure greater participation by countries of the region in multinational trade negotiations under GATT.

31. All those things presupposed an effective population strategy, and the Commission was going to give careful consideration to the report of the Regional Post-World Population Conference Consultation. The programme planned for 1975-1977 aimed at incorporating the formulation and implementation of population policies and programmes in the development process. In addition, in the coming years, attention would be given to raising the level of employment by promoting the labour-intensive sectors, by increasing the consumption of locally produced goods and by reorienting the educational system.

32. The mid-term review and appraisal also dealt with problems of land-locked and island countries of the region and was accompanied by a programme of work for those countries. A priority project for trade promotion had been adopted for them.

33. The progress made in transport and communications had been uneven, particularly in the field of shipping. The Commission had decided in principle to establish a single forum to deal with ocean shipping and ports. While awaiting its final decision, intensified efforts were being made to implement a comprehensive programme of work in the field, on the basis of the recommendations of an expert group set up at the end of 1974, while at the same time ensuring the supply of relevant statistical data.

34. During the course of the year, an over-all review had been undertaken of the regional training institutions supported by UNDP, namely the Asian Institute for Economic Development and Planning, the Asian Statistical Institute, the Asian Centre for Development Administration and the new Asian Centre for Training and Research in Social Welfare and Development. In its resolution 158 (XXXI), the Commission had endorsed several recommendations and proposals aimed at securing a better integration of the activities of those institutions and making a more effective use of their resources; separately it had decided that the Asian Institute for Economic Planning and Development should henceforth be called the Asian Development Institute.

35. In order to encourage social development, including human settlements, ESCAP had devoted particular attention, in connexion with the International Women's Year, to the integration of women in the development process and had adopted a regional plan of action in that regard (resolution 157 (XXI)). It had also shown much interest in the growing relevance of housing to industry and human environment, and in June 1975 in collaboration with the Habitat secretariat and ECWA, had organized a preparatory regional conference on human settlements in Teheran, in preparation for the United Nations Conference-Exposition on Human Settlements in 1976.

36. Efforts towards interregional co-operation remained marginal, in spite of the great desirability of exchanging information, experience and expertise. Thought should be given to practical measures for intensifying that co-operation, for example, by acting in co-operation with the UNDP measures aimed at promoting technical co-operation among the developing countries in pursuance of General Assembly resolution 3251 (XXIX).

37. ESCAP was also greatly interested in inter-agency co-operation and was glad that various agencies and bodies were co-operating in its activities. It hoped that over-all inter-agency co-ordination and co-operation would increase in the years to come, and was particularly grateful to UNDP for its continuing support.

38. In 1975, the Commission had adopted a programme of work aimed at meeting its priority tasks and major problems in the region, and it had finalized a detailed exercise on the rationalization of its structures. For example, in the New Delhi Declaration (resolution 154 (XXXI)), it had defined its contribution to the establishment of the new international economic order and to the forthcoming seventh special session of the General Assembly.

39. ESCAP expected to have available the necessary resources for implementing its programmes, which it would have to adjust from time to time in the light of changing circumstances. For that reason, its secretariat was setting up a progress-monitoring and programme-control system as a means of achieving the objectives laid down in Economic and Social Council resolutions 1896 (LVII) and 1911 (LVII).

40. However, the success of all those efforts would largely depend on the financial and technical support of the countries and institutions which were in a position to furnish such support. The regional commissions would also have to be entrusted with the work not only of conceiving and formulating the necessary policies but also of formulating and implementing the projects. In that connexion, he recalled that the Economic and Social Council, in its resolution 1896 (LVII) had requested the Secretary-General in consultation with the Administrator of UNDP, to make the necessary arrangements allowing for the delegation of the appropriate functions of an executing agency to the regional commission for regional, sub-regional and inter-regional projects financed by the Programme. At their last meeting, the Executive Secretaries of the regional commissions had expressed the opinion that those functions should be delegated to the commission as soon as possible (see E/5700, para. 39), so that the latter could assist more effectively in the development effort, especially at the present critical juncture of the world economy.

41. At its thirty-first session in New Delhi, the Commission had once again manifested the collective wisdom and determination of the peoples of Asia and the Pacific while confronting their future at a particularly difficult time. He therefore asked the Council to consider and approve the report of ESCAP on the work of its thirty-first session.

42. Mr. IGLESIAS (Executive Secretary, Economic Commission for Latin America), introducing the Commission's annual report to the Council (E/5608/Rev.1 and Add.1), recalled that at its sixteenth session in May 1975, ECLA had given its full attention to certain critical problems with which the Economic and Social Council in particular was concerned. Member Governments had discussed thoroughly the present international situation and that of Latin America within the framework of the regional appraisal of the International Development Strategy. The Chaguaramas Appraisal (resolution 347 (XVI)) adopted by the Commission on that occasion should greatly assist the work of the Economic and Social Council. ECLA had considered the establishment of a regional "safety net" to deal with balance-of-payments problems and had decided to set up, in addition to the similar committee already established for Central America, a Caribbean Development and Co-operation Committee to encourage co-operating among the island countries of that region. The Commission had moreover indicated new fields of activity to which the ECLA secretariat should give its attention: transnational corporations, various aspects of technology, and population problems. Many of the activities of the ECLA secretariat and of member Governments had been inspired by resolutions of the Economic and Social Council and by matters causing concern at world level.

43. During the period under review, ECLA had organized a number of meetings, including the Second Latin American Meeting on Population in Mexico, the Meeting on Science, Technology and Development in Latin America, and the Latin American Conference on Industrialization.

44. Referring to the ideas with which ECLA had been mainly concerned during recent months, and which were the basis for views expressed by Governments in the Economic and Social Council, he said that one of the region's difficulties arose from the profound changes of all kinds to which it had been subjected. As the members of ECLA had pointed out at the sixteenth session, the gross product of Latin America amounted to \$220 million, which was the equivalent of the gross product of Europe in 1950, and, further, that it had increased fourfold in constant prices since that year. If the present growth rate was maintained, in 1985 Latin America would have the same gross product as Europe in 1960. The rate of investment was also very high in Latin America and the countries of the region had made an unprecedented effort to export new products. Latin America had an enormous potential which it was discovering more and more every day, and it had carried out considerable institutional reforms. Moreover, a new society was being born there, much more aware of its problems but also much more dependent on international relations and the behaviour of the world economy.

45. The figures he had quoted concealed great differences as between countries: in some the growth rate had been 10 to 12 per cent, in others it was nil. Moreover, Governments were the first to admit that social problems (distribution of income, mass poverty, growth which benefited only certain sections of the population) were not yet solved. He had no doubt, however, that Latin America, which was so rich in natural and human resources and in experience, would overcome them.

46. Another difficulty arose from the fact that growth depended more than even on the international situation. It had been found in the more dynamic countries of the region that in order to increase the rate of growth by 1 per cent it was necessary to increase imports by from 1.2 to 1.9 per cent, and that meant absorbing a certain volume of capital goods and raw materials. Latin America had, during recent years, enjoyed a favourable situation in respect of prices for its traditional and new exports. Nevertheless, prospects were not encouraging with regard to the balance-of-payments, the over-all deficit of which had risen in 1973 to \$600 million. If the present trends continued in 1975 the over-all deficit in the trade balance could reach \$12,000 to \$13,000 million. In fact the international situation caused great instability in the economic situation of Latin America, which was faced with the choice either of reducing its rate of growth, which would have social and political repercussions in all the countries of the region, or of incurring a large debt which would be a heavy burden on the international budgetary balance. What was Latin America to do? The countries of that region were well aware that they had entered on a new phase in international economic relations, and their political ideas had been clarified. At the international level Latin America, which had a sound tradition of co-operation, must participate in the establishment of the new international economic order. At the regional level, if the international crisis had any compensatory feature it was that it obliged States to recognize their weaknesses, to reflect upon them and to think out new forms of regional co-operation that would enable them to turn to good account the sum total of human and natural resources, the industrial experience gained and even the financial resources possessed by certain countries which they could use to the benefit of the region.

47. The countries members of ECLA must pursue an open-minded economic policy. Some sectors of the economy were progressing much less quickly than others (production of capital goods, semi-manufactures, chemical products) and it would be an illogical and short-sighted policy to choose isolation.

48. At the national level there could be no generalization, since each country had its own characteristics, but it was clear that States had entered upon a period when they were discovering a domestic market and were realizing the need to make the population participate in consumption and production. In his view the weakness of Latin America was still agriculture, which was very backward compared with other sectors of the economy. Agricultural development was a challenge to the Latin American countries which they must take up for the sake of the economy as well as social justice.

49. All those problems could not, of course, be solved overnight, but they impeded growth. The Latin American countries knew that they would have to make internal adjustments and perhaps decrease their rate of growth; since it was no longer possible to change direction abruptly, countries had realized the need to reassert the fact that Latin America, like the rest of the world, was an active, not a passive factor in the international situation, that the countries of the region were not merely recipients of conventional aid but rather a stimulating factor in the

international situation, for instance from the point of view of purchasing power. Moreover, the problems of Latin America, like those of the rest of the developing world, required solutions peculiar to them alone.

50. ECLA and its members knew that all countries were interdependent and that all problems were world-wide, but that did not mean only economic interdependence; interdependence was political also and would be difficult to maintain in a climate of peace and security unless the developing world succeeded in solving its problems in a universal context. The seventh special session of the General Assembly would play a great part in that respect, and would help States to equip themselves with the political will necessary for progress. Nor would it be possible to establish a new international economic order unless international relationship were changed. How would the advantages of the treatment for primary commodities be shared? How could the developing world be enabled to make its voice heard in international bodies, for instance? In that great task the regional commissions had an enormous part to play.

51. Mr. ADEDEJI (Executive Secretary, Economic Commission for Africa), introducing the Commission's annual report to the Council (E/5657 and Corr.1 and 2), recalled that the third meeting of the Conference of Ministers of the countries members of ECA (twelfth session of the Commission), held at Nairobi from 24 to 28 February 1975, had been devoted to a review of the measures which could ensure the implementation of the Declaration and Programme of Action on the Establishment of a New International Economic Order;² on that occasion, the medium-term plan of the activities of the Commission for the period 1976-1979 had been adopted. On that subject, the Council had before it a summary of the Survey of economic conditions in Africa, 1974 (E/5682) in supplement to the annual report of the Commission.

52. The economic and social situation in Africa was characterized by a general decline in economic activities, large increases in prices, acute inflation, serious balance-of-payments deficits, reduction in the flow of external finance, stagnation of agricultural production, shortage of commodities' supplies, mounting unemployment and social tensions. According to preliminary estimates for the period 1970-1974, the average over-all growth rate of the African countries had been 5 per cent, a little lower than the 6 per cent envisaged in the International Development Strategy. In only 27 per cent of the States members of ECA had the growth been higher than 6 per cent; in 22 per cent it had been between 4 and 6 per cent and in 51 per cent (22 countries) it had been less than 4 per cent. Four of those latter countries had in fact registered a negative growth. That situation was mainly due to the slow growth of agricultural output (scarcely 0.5 per cent per year at constant factor cost between 1970 and 1974, compared to 4 per cent envisaged in the Strategy) which had even declined by 1.2 per cent *per capita* yearly.

² General Assembly resolutions 3201 (S-VI) and 3202 (S-VI), of 1 May 1974.

53. During the past year, the Commission had concentrated its activities on the promotion of multinational co-operation and inter-country trade in agricultural products, as a means of increasing farm production and income, and on assessing possible relationships between coastal and land-locked countries and between small and large ones. It had also continued its activities relating to the organization of agricultural services and livestock development.

54. As a result of the drought in the Sahel, ECA had revised its livestock development programme in West Africa to give priority to the eradication of trypanosomiasis and tsetse fly in order to complement the action undertaken in the same field by the Permanent Inter-State Committee on Drought Control in the Sahel. It had also completed a study of the possibilities of an agreement between meat and meat product producing and consuming countries and had participated in the establishment of the International Livestock Centre for Africa.

55. In the food sector, the African countries had decided to set up, under the aegis of OAU, an African Ministerial Committee on Food which would carry out at the regional level the functions performed by the World Food Council at the global level. Through its preparation for the United Nations Conference on Desertification and through various activities in the fields of agriculture, water, transport and social development in West and East Africa, ECA was participating in national and international endeavours to deal with the problem of drought. The ECA/FAO Advisory Group on Forest Industries had been strengthened and the ECA/FAO Agriculture and Food Industries Advisory Group had been established with the financial support of UNDP.

56. In the social sector, African countries had not yet achieved the minimum target set out in their national development plans and in the International Development Strategy. In 1974, the population of Africa was 400 million and it was expected to double by the end of the century. As it was expected that the birth rate would fall from 47 to 38 per thousand and the death rate from 21 to 13 per thousand, unless over-all output and employment opportunities were radically increased African countries would face more and more difficulties in providing an indispensable minimum level of education and health services.

57. Between 1970 and 1972, only half the persons entering the labour market had found gainful employment, the rest being unemployed or under-employed. As the rate of increase of school enrolment was 10.1 per cent for primary education, 9.5 per cent for secondary education and 15 per cent for post-secondary education, school leavers in increasing numbers were joining the ranks of the unemployed in urban areas along with the migrant unskilled labour and under-employed from the rural areas. In spite of the limited resources, progress had been made in the health field. In 1972, there had been one doctor per 17,000 persons and one hospital bed per 710 persons, as opposed to one doctor per 20,000 persons and one bed per 720 persons in 1968.

58. In the social sector, ECA had promoted various rural development projects, including resettlement schemes, and

had organized short itinerant training courses: for International Women's Year, it had carried out studies on pre-vocational and vocational training for women and girls and had assisted the United Nations Centre for Social and Humanitarian Affairs in convening a Regional Seminar for Africa on the Integration of Women in Development, with special reference to population factors. Within ECA's own secretariat, a Pan-African Training and Research Centre for women had been established.

59. In June 1974, the Commission had organized a regional meeting on human settlements in preparation for the United Nations Conference-Exposition on Human Settlements to be held at Vancouver in 1976. At the request of member States, it had, *inter alia*, planned the transfer of the capital of the United Republic of Tanzania to Dodoma, examined the possibilities of establishing a low-cost housing scheme at Juba in southern Sudan, considered the establishment of a housing finance company in Sierra Leone, etc.

60. In accordance with the decisions adopted by the Second Conference of African Ministers of Industry in December 1973, the Commission had studied the relative price trend of commodities and manufactured products. It had organized in September 1974 the first meeting of the Follow-up Committee on Industrialization in Africa. Contacts with potential investors had been maintained and follow-up activities on certain industrial projects had been continued. In accordance with the Lima Declaration and Plan of Action on Industrial Development and Co-operation (see E/5696, chap. IV), the Conference of African Ministers of Industry and its Follow-up Committee on Industrialization would continue to foster the harmonization of the industrial development programme, to draw up programmes for new exports and multinational industries and devise the measures required for the redeployment of production facilities, the mobilization and allocation of the financial and technical resources needed for industrial development in Africa.

61. In the field of trade, the ECA secretariat had participated in the establishment of the West African Economic Community and the organization of the first meeting of the Association of African Trade Promotion Organizations at Rabat in March 1975. It had continued its analysis of the trade of African countries with the developed market-economy countries in preparation for the multilateral and international trade negotiations. It had assisted the African countries in their negotiations with EEC and would provide them with the assistance needed for the implementation of the ACP-EEC Convention of Lomé.³ In addition, in preparation for the seventh special session of the General Assembly, the secretariat had started work on prices of commodities of export interest to African countries.

62. Although one quarter of the quantified resources of African countries was derived from trade, the place of Africa in world trade was yet small: during the period 1970-1973, it had accounted for only 4.2 per cent of world

³ Convention between the European Economic Community and the African, Caribbean and Pacific States, signed at Lomé on 28 February 1975.

exports (moreover, more than half those exports came from the six African petroleum-exporting countries). It felt the repercussions of all the events taking place in the developed market-economy countries which, between 1970 and 1972, had provided 73 per cent of the manufactured products it imported and received 80 per cent of its exports.

63. The most serious problem facing the African countries was the erratic movement of the prices of their exports and the steadily increasing prices of their imports. The prices of African imports had risen by 4 per cent in 1971, 8.7 per cent in 1972, 23 per cent in 1973 and 38.8 per cent in 1974. The prices of its exports, with the exception of petroleum, which had been low in 1971 and 1972, had risen sharply in 1973 and 1974. Thus, the terms of trade had drastically deteriorated, but the deterioration had not been uniform for all countries. For the oil-exporting countries, there had been a steady improvement between 1971 and 1974. For the rest, the terms of trade had been below 1970 levels during the period 1971-1972 and above those levels during the period 1973-1974. That improvement represented a net transfer of resources of about \$1,890 million (or 28 per cent of the value of total exports in 1972), while the net aid flow from the DAC member countries and multilateral agencies had risen in 1972 to \$1,410 million. For Africa as a whole, including oil-exporting countries, the improvement in the terms of trade was equivalent to a net resources transfer of about \$3,620 million between 1972 and 1973, compared to a net development assistance flow of \$2,200 million in 1972. The reversal in the trend since mid-1974 was estimated to have cost the non-oil-exporting countries a loss of revenue of about \$3,000 million.

64. For the African countries, which were impatiently awaiting the seventh special session of the General Assembly, the new international economic order was of direct relevance on two grounds. First, the traditional pattern of the international division of labour must be altered so that Africa could improve its position in world trade through the establishment of equitable relationship with the industrialized countries. An equitable link between the prices of traditional African exports and the prices of manufactured imports from industrialized countries was certainly required, together with an increase of African exports to the industrialized countries and a restructuring to include a higher proportion of processed and manufactured products. Regional integration should also be speeded up.

65. A second essential for Africa was a readjustment in the institutions, principles and practices of the international financial system. It was clear that external institutional financing would continue to be a major prop to the African countries' capacity to import and that new arrangements would have to be made to increase the flow of capital to recipient countries, on conditions which would enable them to reduce their trade gap without involving them in excessive indebtedness. In that respect, progress should be made on numerous proposals, such as the suggested link between SDR allocations and the flow of additional financial assistance to developing countries. Moreover, it must be borne in mind that the new international economic order needed to be completed by a new internal economic order.

66. In Commission resolution 256 (XII), the Conference of Ministers had requested the Executive Secretary to take immediate steps to institute action-oriented programmes for the exploration and development of natural resources, the establishment and further development of African raw material producers' associations, the setting up of centres for promotion and co-operation in industry, science and technology, transport and communications, the control of drought, the channelling and mobilization of existing available finance for speeding up the economic and social development of African countries, the strengthening of economic integration and the promotion of economic and technical co-operation among developing countries.

67. In preparation for the seventh special session of the General Assembly, the ECA secretariat had undertaken studies on the production, pricing and marketing of four commodities, namely, palm oil products, phosphates, potash and iron ore, with a view to discovering how countries could reap greater benefits from their production. It had also prepared background documentation for the African countries which would participate in the session.

68. In order to assist African countries to exercise fully their sovereignty over their natural resources, the ECA secretariat had taken practical steps at the intergovernmental level to set up organs concerned with prospecting for and developing natural resources and the training of the necessary manpower. The agreement establishing the Regional Centre for Services in Surveying and Mapping had entered into force in March 1975, while the one for establishing the East African Mineral Resources Development Centre was open for signature. In May 1975, the ECA secretariat had organized the first meeting of the Technical Committee for the Planning of the Development of Lake Tanganyika Basin.

69. During the period under review, close attention had been given to the development of non-conventional sources of energy and preparations had been made for a meeting of the working group on geothermal and solar energy. An inter-agency mission had visited the Sahelian countries in May 1975. The ECA secretariat had completed the first phase of the project relating to a general study of the natural and human resources of the Liptako-Gourma area and had embarked on the study of infrastructural projects which would connect that land-locked area with the other regions of West Africa. In July 1974, the ECA secretariat had organized the second meeting of the Intergovernmental Committee of Experts for Science and Technology Development in Africa and had convened a meeting of donor agencies interested in the African Regional Plan for the Application of Science and Technology to Development.

70. In the field of transport and communications, the Commission had taken preliminary measures for the establishment of a port management association for Eastern Africa. A UNDP/ECA/UNCTAD/IMCO mission on maritime training requirements for the region had been organized and a shipping advisory services unit would be set up in the secretariat. Study of air freight and the establishment of an air freight brokerage system had continued. The second General Assembly of the Union of

African Railways had adopted the organizational structure of the Union's secretariat. The two sub-committees on the Trans-West African Highway network dealing with the Dakar-Ndjamena and Nouakchott-Lagos Highways had been entrusted with co-ordinating the planning, construction and improvement of the highways. As regards the Trans-Saharan Highway project, a start had been made on studies financed by UNDP and construction work, under the direction of the Trans-Saharan Road Liaison Committee, while the ECA secretariat had prepared a five-year programme of studies and construction work for the Lagos-Mombasa Trans-African Highway.

71. On the completion of the pre-investment study concerning the Pan-African Telecommunications Network, its Co-ordinating Committee had mobilized about 80 per cent of the necessary capital, which had been estimated in April 1974 at \$140 million. It had also studied the establishment of an African Telecommunications Union. The restructuring and development of the African transport and communication systems to open up the land-locked countries would promote trade and foster co-operation among countries, as also the integration of their economies. The Association of African Central Banks had endeavoured to promote co-operation in payments and monetary matters among the member States of the Commission, and the ECA secretariat had prepared a draft legal instrument for the establishment of an African centre for monetary studies under the aegis of the Association.

72. With regard to the countries which were gaining their independence, the most urgent needs were the economic and social reconstruction of Guinea-Bissau and Mozambique, which were less well endowed with natural resources than Angola. Agricultural production for export and the construction of oil refineries and shipyards had been a by-product of the Portuguese military presence in Guinea-Bissau. Mozambique had been largely dependent on invisible earnings from South Africa, Malawi, Southern Rhodesia and Zambia. About half its budget had accrued from transit fees and the earnings of the 80,000 Mozambicans working in South Africa. Fifteen per cent of its foreign exchange earnings had come from providing invisible services to Southern Rhodesia. Should Mozambique decide to apply the United Nations economic sanctions, it would have to forgo its invisible and trade income and the international community would have to compensate it. Angola was fortunate in possessing petroleum. It also produced coffee, timber, sugar, diamonds and iron and should receive a considerable income from all of them once the political situation had been stabilized. In the three countries, the exodus of skilled Portuguese and the return of impoverished nationals who had fled from the war of independence had led to a slowing down of economic activity. There would be a great need for manpower to set their economic recovery on foot.

73. Zambia, which shared borders with Angola, Mozambique and Southern Rhodesia, had become an economic hostage of the political struggle in Southern Rhodesia. By the end of 1974, the closure of the Rhodesian frontier had cost it more than \$150 million. The ports of Dar-es-Salaam and Mombasa had suffered heavy congestion. Malawi had

allocated part of its own limited resources for the financing of sections of its road and railway systems to handle the increased tonnage of Zambian goods.

74. In conclusion, Africa, which was heavily dependent on exports of raw materials, placed great emphasis on the establishment of a new international economic order which would bring about greater stability in export earnings in the short term and just and remunerative prices to raw material producers in the longer term. The efforts of UNCTAD to set up a unified system of international commodity stocks and of EEC to institute a compensatory financing scheme to stabilize export earnings were also of great interest to Africa. Africa was of the opinion that a system of indexation should be part and parcel of any integrated scheme of commodity stabilization. In addition to the serious deterioration in Africa's terms of trade and balance of payments, it faced problems of inflation, recession, mounting unemployment, stagnation in agriculture, famine and malnutrition and generally unfulfilled expectations. The Governments of the African countries needed considerable additional international support. The Secretary-General of the United Nations had rightly emphasized, in his statement at the opening of the session (1953rd meeting), the need for immediate multilateral action to resolve the problems facing the international community and the unique opportunity to create the conditions for a more equitable distribution of benefits throughout the world.

75. Mr. MINAI (Secretary-General, Regional Co-operation for Development), speaking at the invitation of the President, said that he welcomed the opportunity to address the Economic and Social Council for the first time on behalf of RCD. RCD had been founded in 1964 by Iran, Pakistan and Turkey to foster economic co-operation between the three countries and to promote their development through a widening of their economic basis (a market of 100 million consumers), a better utilization of production facilities, a stronger bargaining position in negotiations with other countries and the capacity to undertake joint projects. RCD had been born of political necessity; rather, it was the fruit of a genuine desire to create machinery for effective co-operation in economic, social and cultural fields. Contacts between representatives of the three member Governments had been established at three levels: a Council of the Foreign Ministers of the three States met annually to take decisions; a Regional Planning Council, composed of the heads of the planning organizations of the three countries and meeting annually before the ministers met, studied the development plans and made appropriate recommendations to the Council of Ministers; six committees of experts (on trade, industry, cultural affairs and information, technical co-operation, transport and communications and the petrochemical industry) worked at the RCD secretariat at Teheran, which co-ordinated all the activities of the organization, under a Secretary-General appointed for three years on a rotation basis from the three countries.

76. Although in its 11 years of existence RCD had not produced revolutionary changes, it had, nevertheless, made a start in co-operation in various sectors: in the field

of trade, negotiations were under way to conclude preferential trade arrangements; in the field of industry, a number of joint venture enterprises were functioning at Karachi, Teheran and Istanbul and a study was to be undertaken to clarify the area of co-operation; in the field of technical co-operation, hundreds of students and trainees were moving about between the member countries and studying in the universities and institutes of the three States, which were also co-operating in the field of atomic energy; cultural exchanges had been developed; and in regard to transport and communications, the organization had played a very active role: a highway and a railway would soon connect Karachi to Teheran and Ankara and postal tariffs between the three countries were going to be unified.

77. RCD was deeply interested in the action undertaken by the United Nations and other international bodies in the field of economic development. The establishment of a new international economic order was not only a challenge, it was also an opportunity for all. RCD would, therefore, follow with great interest the deliberations of the Economic and Social Council and those of the General Assembly at its seventh special session and at its thirtieth regular session. There was no doubt that the initiatives taken by the United Nations system would assist its own endeavours on behalf of the economic and social well-being of its constituent peoples.

The meeting rose at 1.15 p.m.

1967th meeting

Monday, 14 July 1975, at 10.40 a.m.

President: Mr. I. A. AKHUND (Pakistan)

E/SR.1967

ANGENDA ITEM 4

Regional co-operation (*continued*) (E/5608/Rev.1, E/5608/Add.1, E/5619, E/5651, E/5656, E/5657 and Corr.1 and 2, E/5658, E/5700, E/5721; E/L.1665)

1. Mr. AL-ATTAR (Executive Secretary, Economic Commission for Western Asia) introducing the Commission's report on its second session (E/5658), said that the world was going through a period of fundamental change, entailing the restructuring of the international economic order. It was not clear what form the new economic order would take, but it was of crucial importance that it should be a universally acceptable one.

2. Many issues of immediate relevance to the welfare of mankind had not yet been resolved: the widening gaps between the living standards of developed and developing countries, the high rates of population growth, food shortages, environmental degradation, balance-of-payments deficits and maldistribution of resources. The situation was made even more complex by the current challenge of the international power structure: developing countries were seeking an effective role and a representative participation in all efforts to construct and implement a new economic order. That required adjustments by both developed and developing countries and the sooner they took place the smoother the transition to a new economic order. It was the developing countries that suffered most from the present uncertainty in the world economy; they, and particularly the least developed among them, were particularly vulnerable to international problems of trade, monetary stability, balance of payments, inflation, food and recession, despite the fact that the economic position of certain developing countries, especially the oil-exporting countries, had improved.

3. The first biennial review and appraisal of progress in implementing the International Development Strategy for

the Second United Nations Development Decade and the sixth special session of the General Assembly had shown clearly the economic problems and concerns of developing countries. The Declaration and Programme of Action on the Establishment of a New International Economic Order, adopted at the sixth special session, defined principles which would provide a just and equitable international division of labour. The Programme of Action included measures on a number of problem areas but did not provide practical measures for implementation, apart from the Special Programme to provide emergency relief and development assistance to the developing countries most seriously affected by the economic crisis and the establishment of a Special Fund for that purpose. The implementation of the Programme of Action would depend more on co-operation by the developed countries than on the formulation of practical measures, but the reservations expressed by some of those countries could reduce the Programme's chances of success. The seventh special session of the General Assembly offered an opportunity to test the spirit of co-operation and responsibility prevailing in the international community.

4. The outlook for the ECWA region had been drastically altered by the October 1973 war and by developments in the oil industry. The shift in the balance of power from the international oil companies to the producing countries in respect of price-setting, as also increased national control over the exploitation of oil resources and ancillary operations, had caused a sharp rise in the producing countries' actual and expected oil revenues and had greatly enhanced the region's growth prospects and its role in international economic relations. Although aggregate output in the region had exceeded the average growth target of 6 per cent per annum in real terms as set by the International Development Strategy, the benefits of increased productive capacity had not been evenly distributed. There were large discrepancies between and within countries. With the intensification of inflationary pressures and rapid popu-