



## ECONOMIC AND SOCIAL COUNCIL

Resumed Forty-fifth Session

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*President:* Mr. Manuel PÉREZ GUERRERO  
(Venezuela).

## AGENDA ITEM 3

Report of the Trade and Development Board (E/4591)

1. The PRESIDENT invited the Secretary-General of the United Nations Conference on Trade and Development to introduce the report of the Trade and Development Board,<sup>1/</sup> transmitted to the Council by a note by the Secretary-General (E/4591), which was presented in accordance with paragraph 22 of General Assembly resolution 1995 (XIX).

2. Mr. PREBISCH (Secretary-General, United Nations Conference on Trade and Development) said that at its seventh session the Board had thoroughly reviewed UNCTAD's institutional machinery and methods of work in the light of the experience gained at the second session of the Conference. The Board's most salient observation was that it was important to concentrate at such conferences on a few issues and to leave the permanent machinery of UNCTAD to deal with the many and complex problems that it was impossible to handle at the conferences.

3. There had been a consensus on the need to avoid the proliferation of organs. It had also been agreed that unduly long sessions should be avoided and that the Board should in future hold only one session a year unless a special session became necessary. He welcomed the Board's recognition of the need for UNCTAD to participate in UNDP, since a growing volume of technical assistance would have to be channeled through it. Means must be made available, for example, to enable developing countries to benefit from the export promotion services of the UNCTAD/GATT International Trade Centre, and from technical advice in connexion with shipping and ports.

4. It was desirable that UNCTAD should perform its expanding functions with the existing machinery rather than by setting up new administrative organs, and he hoped that the General Assembly would endorse the Board's suggestions for improving the machinery.

5. The question whether UNCTAD should negotiate solutions to specific problems had been discussed. It had done so in the case of the recently concluded

International Sugar Agreement, but it would not be responsible for ensuring that the Agreement was implemented. In all such cases the executive functions would be the responsibility of the respective councils. The complex problems encountered in dealing with even one subject, namely, the negotiation of the International Sugar Agreement, brought out even more clearly the impossibility of dealing with a large number of topics at a conference and the importance of using the permanent machinery for the purpose. The UNCTAD secretariat, in close liaison with the Sugar Council and FAO, had offered suggestions for limiting surplus production, opening up markets, establishing ceiling and floor prices, etc., and its realistic compromise proposals, accepted because the necessary political will had been exercised by the parties concerned, had contributed to the success of the negotiations.

6. There had been some specific though limited achievements at the second session of the Conference even though the results, on the whole, had been inconclusive. Although UNCTAD had important functions to perform, it was not intended to play the central role in over-all trade and development strategy. The responsibility for co-ordination and integration belonged to the Economic and Social Council; UNCTAD was mainly concerned with international trade policy and financing, including supplementary financing, and he had constantly striven to ensure recognition of that role. He had noted with some anxiety the excessive emphasis placed by the Committee for Development Planning on econometric exercises. Development strategy could not be based solely on the quantitative estimation of desirable targets; there must also be a series of specific measures for progressively closing the trade and savings gaps and reducing the effects of fluctuating prices on the economies of developing countries. Those activities were UNCTAD's responsibility. Other organs existed for dealing with industrialization, agriculture, general development policy and social affairs, and UNCTAD did not wish to encroach on their purviews.

7. With regard to UNCTAD's role in the second United Nations Development Decade, he had suggested that, since the Economic and Social Council had decided to assign the preparatory work to its Economic Committee, it might be possible to have a joint working arrangement with that Committee to avoid the need for establishing a new body.

8. His position regarding the need for UNCTAD not to encroach upon the terrain of other bodies, and vice versa, but for its activities to be suitably integrated within the whole, was not new. He cited his reply of June 1967 to a communication from United Nations Headquarters in which reference had been made to UNCTAD as an autonomous organ. He had pointed out that it was not autonomous and that he, as Secretary-General of UNCTAD, was a United Nations staff mem-

<sup>1/</sup> Official Records of the General Assembly, Twenty-third Session, Supplement No. 14.

ber under the authority of the Secretary-General. UNCTAD must be integrated at the intergovernmental level to permit the desired unified approach.

9. Mr. VIAUD (France) said that the Board's seventh session had been particularly important because of the problems referred to it as a result of the second Conference. Although the prevailing atmosphere had been generally cordial, there had been some regrettable acrimonious exchanges with regard to the transfer of technology during the second Development Decade. He hoped that the General Assembly would find a satisfactory solution to the problems on which it had not been possible to arrive at a compromise for lack of time.

10. UNCTAD had a special role to play in the second Decade in formulating objectives and seeking ways and means of meeting them. Full account should, however, be taken of the role of other organs in drawing up the global development strategy. He hoped that agencies such as the ILO, FAO, UNESCO and WHO would put forward practical and specific suggestions. The Second Committee would be discussing ways of achieving the desired integration of UNCTAD's activities in the over-all programme for the second Decade.

11. The Board's conclusions with regard to improving the institutional machinery would strengthen the Secretary-General's hand and give him greater flexibility in organizing consultations between government representatives and negotiations on the commodities mentioned in Conference resolution 16 (II).<sup>2/</sup> Opportunities for such negotiations should continue to be sought and exploited to the full to promote international agreement on the stabilization of markets.

12. His delegation welcomed the decision to hold only one Board session a year, and also that concerning UNCTAD's participation in UNDP which would enhance the possibility of meeting developing countries' requests in the matter of trade. The Board's conclusions should serve to strengthen UNCTAD's effectiveness. At its eighth session the Board would have the difficult responsibility of entering into the substance of such matters as preferences. He hoped that it would persevere in its efforts and make appropriate use of the new machinery.

13. Mr. ROUAMBA (Upper Volta) said that his delegation was pleased to note that the Secretary-General of UNCTAD had given some explanations which had dispelled certain doubts concerning UNCTAD's role and the integration of its activities with those of the United Nations system as a whole.

14. He drew particular attention to the various references in the report to the fact that there must be the political will to overcome the obstacles to development. The developing countries would have to evaluate the extent to which such political will was likely to be demonstrated in favour of their proposals, when drawing up priorities.

15. Some practical experience of the over-all operation would be required before the respective roles to be played in the second Development Decade could be

fully defined. Co-ordination was the key factor in over-all development planning.

16. The Board's seventh session had been particularly important because of the consideration given to what had been called the improvement of the institutional machinery, although it was actually the creation of new machinery.

17. The Council would be unable in the time available to discuss all the problems involved, and some delegations, including his own, wished to reserve their main comments for the Second Committee of the General Assembly.

18. Mr. FIGUEREDO PLANCHART (Venezuela) suggested that Mr. Prebisch's statement should be circulated as a Council document.

19. The International Sugar Agreement recently concluded at Geneva provided evidence of the effectiveness of UNCTAD's contribution to solving difficult problems. The Board was to be congratulated on its speedy review of UNCTAD's institutional machinery and on its unanimous agreement to review and revise it as necessary. The Board had also agreed unanimously that UNCTAD should participate in UNDP, and the General Assembly would surely endorse that decision. His delegation agreed with Mr. Prebisch on the contribution that UNCTAD could make in the formulation of the global development strategy for the second Development Decade. Although his delegation disagreed with the degree of emphasis placed by some delegations on econometrics, it was certainly a good yardstick. As Mr. Prebisch had said, without a global development strategy the second Development Decade was doomed to failure. UNCTAD should agree on the specific fields in which it was to concentrate its efforts.

20. Mr. GOLDSCHMIDT (United States of America) praised the realism and enlightenment shown by Mr. Prebisch in his introduction to the Board's report. He had mentioned a number of institutional problems such as the length of the agenda, the length of sessions, the proliferation of subsidiary bodies, to which he had clearly given considerable thought. His delegation hoped that the General Assembly would endorse resolution 44 (VII) of the Trade and Development Board<sup>3/</sup> and thus give UNCTAD participating agency status in UNDP. UNCTAD undoubtedly had a very important role to play in the planning for the second Development Decade. Mr. Prebisch had emphasized that it would not be the central co-ordinating role. Nevertheless, UNCTAD should remain at the centre of the development effort.

21. Mr. BRADLEY (Argentina) said that Mr. Prebisch had made the Board's report a living document. The recent International Sugar Agreement was very good news and he hoped that other similar endeavours to help the developing countries would be equally successful.

22. The purpose of UNCTAD was to identify problems and provide guide-lines. According to General Assembly resolution 1995 (XIX), it was a negotiating organ and should be more than a mere sounding board for unsolved problems. A greater spirit of conciliation had been shown during the seventh session of the Board, as was visible from its evaluation of its problems.

<sup>2/</sup> See United Nations Conference on Trade and Development, Second Session, vol. I and Corr. I and Add. I, Report and Annexes (United Nations publication, Sales No.: E.68.II.D.14), p. 34.

<sup>3/</sup> See Official Records of the General Assembly, Twenty-third Session, Supplement No. 14, p. 83.

23. He agreed with the decision to hold only one session of the Board each year and to reduce the number of problems considered at the trade and development conferences; nothing was to be gained by including too many unrelated problems in the agenda. If delegations endeavoured to reach specific agreement with sufficient determination, there was every hope that the success of the United Nations Sugar Conference would be repeated.

24. Mr. Prebisch had dispelled many doubts concerning the co-ordination between different organizations in the preparations for the second Development Decade. Analysis of the Decade's problems and some of the other measures that would be necessary could be undertaken only by UNCTAD. Mr. Prebisch's assessment of UNCTAD's role within the United Nations system was therefore very useful.

25. Mr. GALLARDO MORENO (Mexico) thanked Mr. Prebisch for his illuminating presentation of the Board's report and agreed that there was no need for any conflict of jurisdictions between different bodies. It would be much easier to find solutions to the problems as a result of his clarification.

26. Mr. BILLNER (Sweden) expressed his approval of the results of the seventh session of the Board. Although faced with many complex issues, the Board had agreed on important improvements in the organization of UNCTAD's future work. He hoped that the new procedures would come into operation promptly and also that the new International Sugar Agreement would come into effect in the near future. He congratulated Mr. Prebisch on the success of the United Nations Sugar Conference.

27. Mr. VARELA (Panama) complimented Mr. Prebisch on the eloquence and clarity of his statement. As the Panamanian representative at meetings of the Economic Commission for Latin America in Panama and Colombia, he had had several opportunities of admiring Mr. Prebisch's dialectic skill. He welcomed the clarification of the status of UNCTAD within the United Nations system and was glad that the extent of its administrative authority was fully understood by its Secretary-General. That was not always the case in United Nations bodies, and some directors tended to find reasons for extending their authority.

28. Mr. Prebisch had also clarified UNCTAD's relationship with other bodies involved in the planning of the second Development Decade and its part in formulating the global development strategy, while dispelling doubts on the subject of resolution 47 (VII) of the Trade and Development Board.<sup>4/</sup> Mr. Prebisch's statement in relation to the draft resolution on technical assistance in trade and related fields<sup>5/</sup> was most welcome, and UNCTAD's efforts should be integrated with those of UNDP in carrying out common purposes, which would eliminate duplication and waste.

29. UNCTAD had done well in promoting the recent International Sugar Agreement, but it should be recognized that the political will to reach agreement had already existed, as it had in the case of the agreements on wheat and coffee. It would be far more difficult to bring about the conclusion of an agreement on cocoa,

which depended on the political will of the cocoa consuming and processing countries. If an agreement on cocoa were to be reached, it would be the result of negotiations and efforts of persuasion deserving the highest praise. The United Nations Cocoa Conference had been extremely frustrating and no solution would be found so long as trade relations were governed by inflexible principles of economic orthodoxy.

30. Mr. DUBEY (India) thanked Mr. Prebisch for his very lucid statement on UNCTAD's role in the preparations for the second Development Decade, but thought that he had underestimated the importance of that role; even if UNCTAD did not have a central role to play, it definitely had a special role in the preparations for the Decade. The old question of whether UNCTAD should concern itself with trade and development or with trade alone had long been settled. It was universally recognized that UNCTAD dealt with the problem of development in general. Consequently, UNCTAD had a leading role to play in the second Development Decade. In any event it was unlikely that any targets that might be set for the Decade could be reached unless certain variables dealt with by UNCTAD such as the foreign exchange gap, export promotion, growth stimulus and the transfer of resources, were favourable.

31. Mr. Prebisch had dispelled the apprehensions of many representatives regarding the role of UNCTAD in the institutional machinery for the preparation for the Decade. In that connexion, he stated that just as UNCTAD did not desire to intrude in matters lying within the jurisdiction of other bodies, so it would also expect that any other body that might be created, would not interfere with the substantive work of UNCTAD. His delegation was clearly of the view, which was shared by most other delegations, that the new machinery that might be created, was not expected to interfere with the substantive work of UNCTAD.

32. It was an indication of UNCTAD's dynamism that four years after its establishment, it had undertaken to examine its institutional machinery. At its seventh session, the Board had made decisions that would have the effect of streamlining UNCTAD's work. However, it had to be admitted that the results were not entirely satisfactory to the countries which had requested that examination. At the seventh session of the Board, the Secretary-General's initiative in the commodity field was confirmed. The recent International Sugar Agreement was an example of the importance of such an initiative. But there were other very important cases in which he should also be able to take action, for example, if a country took retrogressive measures in the matter of external financing or if protectionist legislation were enacted to the prejudice of the exports of the developing countries. All countries were agreed on the importance of the exercise of political will in the process of decision-making. Unfortunately, there had been no agreement at the seventh session of the Board to facilitate the exercise of political will. His delegation hoped that the General Assembly would be in a position to take a decision for building into the institutional machinery of UNCTAD appropriate devices which would facilitate the exercise of political will.

33. Mr. LOPEZ URZUA (Guatemala) praised Mr. Prebisch's statement which had dispelled doubts and

<sup>4/</sup> *Ibid.*, p. 86.

<sup>5/</sup> *Ibid.*, p. 85.

clarified the position. His delegation agreed with Mr. Prebisch's views on the institutional machinery of UNCTAD. Political will was a prerequisite for successful agreements on trade and development and its importance had been very properly stressed. He supported the proposal of the Venezuelan representative that Mr. Prebisch's statement should be circulated as a Council document.

34. Mr. VERCELES (Philippines) said that his delegation had presided over the group of seventy-seven and the group of thirty-one developing countries represented on the Trade and Development Board. It had consequently been involved in the Board's resolutions concerning UNCTAD's participation in the preparations for the second Development Decade, international legislation on shipping and the transfer of technology. The decisions made on UNCTAD's institutional machinery were of great importance and represented real progress towards achieving development targets. The work would be continued in the Second Committee where Mr. Prebisch's statement would be very helpful.

35. Mr. ZAKHAROV (Union of Soviet Socialist Republics) thanked Mr. Prebisch for his very sensible statement on the subject of UNCTAD's role in the work of the second Development Decade. The developing countries were facing enormous problems and, if United Nations help was to be properly organized by 1970, all United Nations bodies and the Secretariat would have to work together diligently to draw up the necessary plans. There was no doubt that UNCTAD would have to play a leading role.

36. The CHAIRMAN said that the observer for Brazil had asked to make a statement to the Council in accordance with rule 75 of its rules of procedure. If there was no objection, he would grant the request.

*It was so agreed.*

37. Mr. PATRIOTA (Brazil) said that his delegation was deeply interested in UNCTAD's machinery and the launching of the second Development Decade.

38. It should be possible to deal with the numerous problems that had not been solved during the first Development Decade. Brazil was particularly interested in a number of matters being dealt with by UNCTAD: commodities, manufactures, shipping, invisibles etc. The International Sugar Agreement was an excellent achievement and he hoped that it would be followed by other market stabilization schemes which were so vital for the developing countries. It was surprising that there appeared to be a consensus on the suggestion that UNCTAD should be integrated with the Secretariat, for although UNCTAD had to have the help of the Secretariat and could not exist in isolation, it was precisely because the Economic and Social Council had not been able to deal adequately with certain problems that UNCTAD had originally been established as an autonomous organization. His delegation agreed with the Indian view that UNCTAD's role was of paramount importance for the developing countries in the second Development Decade and wondered whether Mr. Prebisch might have been misinterpreted.

39. Mr. POSNETT (United Kingdom) said that Mr. Prebisch had made an admirable analysis of UNCTAD's role in planning for the second Development Decade

and did not consider that it needed any interpretation. It was perfectly true that improved techniques were needed for the preparation of large international conferences and the Board had rightly examined its institutional machinery and methods of work, as requested by a number of Governments at the New Delhi Conference. He hoped that decision 45 (VII) of the Trade and Development Board<sup>6/</sup> would lead to streamlining and improvements in the institutional machinery.

40. The CHAIRMAN, speaking on behalf of delegations which had not addressed the Council, thanked Mr. Prebisch for his excellent statement: what he had said cast no shadow on UNCTAD and the discussion would be continued in the Second Committee. The representative of Venezuela had proposed that Mr. Prebisch's statement should be circulated as a Council document. Under General Assembly resolution 2292 (XXII), he was required to inform the Council of the financial implications of implementing the Venezuelan proposal.

41. Mr. KASSUM (Secretary of the Council) informed the Council that Mr. Prebisch's statement would amount to approximately nine pages and that the estimated cost of translation and reproduction would be about \$500.

*The Council decided that Mr. Prebisch's statement should be circulated as a working document.*<sup>7/</sup>

42. The CHAIRMAN said that the Council might wish to adopt the following draft resolution:

"The Economic and Social Council,

"Having considered the annual report of the Trade and Development Board,<sup>8/</sup>

"1. Transmits that report to the General Assembly;

"2. Draws the attention of the General Assembly to the comments and observations on the subject contained in the addendum to the report of the Economic and Social Council."<sup>9/</sup>

*The draft resolution was adopted.*

## AGENDA ITEM 1

Activities of the United Nations family of organizations in connexion with natural disasters (continued) (E/4544 and Add.1, E/AC.24/L.353)

43. Mr. VARELA (Panama) said that his delegation supported the aims of the draft resolution submitted by Iran, Sweden and Turkey (E/AC.24/L.353). However, he hoped that the sponsors would consider rewording paragraph 6, since drawings made in accordance with its provisions would clearly deplete, and might even completely exhaust, the resources available from the Working Capital Fund for emergency aid. It would be preferable for assistance in developing plans and administrative arrangements to meet natural disasters to be given under the Technical Assistance component of UNDP.

<sup>6/</sup> *Ibid.*, p. 86.

<sup>7/</sup> Subsequently issued as document E/L.1237.

<sup>8/</sup> Official Records of the General Assembly, Twenty-third Session, Supplement No. 14.

<sup>9/</sup> *Ibid.*, Supplement No. 3A, chap. I.

44. Mr. UY (Philippines) said that the frequent occurrence of such natural disasters as volcanic eruptions, earthquakes, typhoons and floods in the Philippines necessitated the diversion of substantial resources from development to the reconstruction and rehabilitation of devastated areas. The Philippine delegation therefore supported the important and timely draft resolution before the Committee. It was unfortunate that the resources available for immediate assistance to countries stricken by natural disasters were so limited, and the Philippine delegation would have preferred the setting of a higher ceiling both for assistance to individual countries and for the Working Capital Fund as a whole. Nevertheless, his delegation would accept the draft resolution, since the resources available had not in fact been exhausted in any of the three years since the adoption of General Assembly resolution 2034 (XX).

45. The Philippine delegation supported many of the valuable suggestions put forward by the United States representative at the previous meeting, but could not agree with the view that the assistance referred to in paragraph 6 should form part of UNDP technical assistance programmes. The diversion of UNDP funds from other urgent technical assistance projects would be an added burden on the developing countries, which already had to divert their own development funds to deal with the consequences of natural disasters. If the Working Capital Fund had not been exhausted at the end of a particular year, the Secretary-General should be authorized to use the remaining funds as provided in paragraph 6 of the draft resolution.

46. Mr. PAOLINI (France) fully agreed with the views expressed by the United States delegation at the previous meeting. Assistance to countries stricken by natural disasters must be based on the most urgent needs, and United Nations assistance for that purpose must therefore be both flexible and speedy. The country concerned was in the best position to co-ordinate assistance efforts, and it should not be forgotten that bilateral aid was often more generous and better adjusted to specific needs than international assistance. The United Nations, which should only act at the request of the country stricken, should promote initiatives on the part of Governments, private institutions and international organizations specializing in assistance following natural disasters, and should not do anything that might discourage the establishment of such organizations.

47. With regard to advance planning, he recalled that the responsibilities and assets of the International Relief Union, which had had a long and valuable experience in dealing with natural disasters, had been transferred to UNESCO by Council resolution 1268 (XLIII). The special competence of UNESCO and other specialized agencies such as WMO should be taken into consideration in the draft resolution before the Committee. He therefore proposed the insertion, in paragraph 1, of the words "and of the specialized agencies" after the word "system". The assistance referred to in paragraph 6 should be financed by the United Nations regular programme of technical assistance rather than the Working Capital Fund, which was limited in size and intended for emergency aid. The value of bilateral and other forms of assistance

should also be recognized in the draft resolution, and he therefore proposed that the words "through the United Nations" in paragraph 2 should be replaced by the words "either directly or through the United Nations or any other appropriate organ". In paragraph 3, the words "facilities extended" should be replaced by the words "facilities comparable to those extended".

48. Mr. JHA (India) said that the wording of paragraph 6 did not make it clear that assistance in developing plans and administrative arrangements to meet natural disasters would be extended only if sufficient funds remained in the Working Capital Fund at the end of the year in question. Since the countries that might qualify for aid under paragraph 5 were not necessarily the same as those which might request assistance under paragraph 6, the limited funds available might be exhausted quite rapidly.

49. Mr. FORSHELL (Sweden), speaking on behalf of the sponsors, agreed with the representative of France that the victim of a natural disaster should decide what assistance it required and had full authority in the co-ordination of assistance efforts. The aim of the sponsors was to enable the United Nations to accede more readily to requests for assistance, and there could be no question of competing with Governments or private organizations. Countries would be quite free to make bilateral agreements regarding assistance in the preparation of advanced plans, and indeed Sweden was providing such assistance to Pakistan and a number of other countries.

50. The intention of the sponsors in paragraph 6 had been to enable the Secretary-General to use any funds that had not been disbursed during a particular year for the purpose of planning assistance. In that connexion, it was noteworthy that the total expenditure for emergency aid during the three years since the adoption of General Assembly resolution 2034 (XX) amounted to only \$139,000.

51. The sponsors would gladly confer with delegations that had proposed amendments in order to try and reach a compromise text.

52. Mr. KOTSCHNIG (United States of America) said that he wished to dispel any misunderstandings that might have arisen from his statement at the previous meeting. Although he had expressed the view that the assistance referred to in paragraph 6 should be financed from the funds available under technical assistance programmes, he was not opposed to the authorization referred to in that paragraph as an interim measure. The financing of planning assistance by the Technical Assistance component of UNDP would not strain the resources available to the developing countries for other projects, since the amounts involved were very small in comparison to the funds available. Moreover, such assistance would be provided only at the request of the developing countries themselves. The resources available under the United Nations regular programme of technical assistance were used for a wide variety of activities and might not be sufficient to finance the measures referred to in paragraph 6, as suggested by the representative of France. Defence in depth against natural disasters was a matter for consideration by Governments, and his remarks on that subject at the previous meeting

should not be taken to mean that he wished to impose any additional burden on the United Nations budget.

53. Mr. UY (Philippines) asked how the grant of \$14,000 to Mongolia in respect of dyestuffs for textiles, referred to in paragraph 22 of the report of the Secretary-General (E/4544) could be justified in view of the fact that the funds available under the Working Capital Fund were intended for emergency aid.

54. Miss HENDERSON (Secretariat) replied that, when a request for assistance was received, the Resi-

dent Representative in the country concerned was asked to ascertain the scope and nature of the disaster and what other assistance was available in order to determine the type of aid that should be given by the United Nations. If a factory producing important consumer goods had been damaged or destroyed by a natural disaster, the country concerned might request assistance in its reconstruction. Other requests of that type had been received.

*The meeting rose at 6.40 p.m.*