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President : Mr. M. KLUSAK (Czechoslovakia).

Present :

Representatives of the following States: Belgium, Cameroon, Canada, Czechoslovakia, Dahomey, France, Guatemala, India, Iran, Kuwait, Libya, Mexico, Morocco, Pakistan, Panama, Peru, Philippines, Romania, Sierra Leone, Sweden, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Venezuela.

Observers for the following Member States: Algeria, Argentina, Austria, Brazil, Ceylon, Chile, China, Greece, Iraq, Israel, Italy, Japan, Poland, Portugal, South Africa, United Arab Republic.

Observers for the following non-member States: Federal Republic of Germany, Switzerland.

Representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, International Bank for Reconstruction and Development, World Health Organization, Universal Postal Union.

The representative of the International Atomic Energy Agency.

AGENDA ITEM 10

Reports of the regional economic commissions (E/4301, E/4329 and Add.1, E/4354 and Corr.1, E/4358, E/4359 and Add. 1, E/4410 and Corr.1 and Add.1)

1. Mr. VELEBIT (Executive Secretary, Economic Commission for Europe), introducing the annual report of ECE (E/4329), recalled that at the forty-first session of the Council he had drawn attention to the Commission's resolve to celebrate its twentieth anniversary on the occasion of its twenty-second session (1431st meeting). The Governments concerned had considered that a reassessment of ECE's efforts and achievements during the past twenty years would help to strengthen the ties of economic co-operation among ECE countries. That

session had probably been one of the most dynamic in ECE's history. A large number of countries had appointed members of their Governments as heads of delegations in order to review at a commemorative meeting ECE's role as a forum for economic and technological co-operation among the countries of the region. The Government representatives had adopted a declaration (E/4329, para. 260) expressing their belief that active work and joint efforts were called for in developing further the co-operation within the framework of ECE, and had undertaken to contribute by all possible means to the further development of trade, economic, scientific and technical co-operation in traditional as well as new fields on a mutually beneficial and long-term basis. The desire for trade expansion had been emphasized and it had been agreed to seek the removal of economic, administrative and policy obstacles. A special mention had been made of the value of studying the possibility of effecting a greater degree of scientific and technological co-operation and an exchange of technical expertise.

2. Although ECE had long served as a vehicle for scientific and technological co-operation between East and West, the imperative requirements of the present time demanded a more intensive effort. The complex character of contemporary methods of production, both for industrial equipment and for consumer goods, demanded intensive and sustained research, the continuous introduction of new techniques, the international exchange of experience and knowledge and a wide market for large-scale production. To meet those demands ECE would have to become more flexible and diversified and its programme of work would have to include newly defined projects of high priority, while less important projects would have to be pruned as far as was considered possible and desirable by the Governments concerned.

3. Guided by the principles embodied in the declaration, the Commission had made a careful search for new projects which would be suitable for co-operation through ECE and had formulated its programme of work and supplemented it by a number of resolutions, some of which opened new fields of activity. The resolutions could be roughly divided into two main groups: those which initiated new activities and those which continued, expanded or streamlined existing activities. Prominent in the second group was water resources management, including the control of water pollution. The Commission had commended the work so far accomplished in that sphere and had decided that a permanent body on water resources and water pollution control problems in the ECE region should be established (resolution 12 (XXII)). It was expected that the *ad hoc* meeting of governmental

experts on water resources policy scheduled to take place in the coming autumn would consider a draft programme of work prepared by the secretariat for the newly established permanent body.

4. Another transformation of an *ad hoc* project into a permanent one was taking place in the chemical industry field (resolution 15 (XXII)). Work so far achieved on the study of production and consumption of, and trade in, chemical products had given rise to the need to examine and agree upon the problems arising in the development of the chemical industry in member countries, and it had been felt that those matters could be studied to good purpose by a permanent group of governmental experts. In view of the dynamic developments of the chemical industry during the past decade, international co-operation in the ECE region would be highly beneficial to the co-operating countries. The results in the form of exchange of experience, studies and statistics would be made available to all developing countries through other regional economic commissions.

5. The Commission had shown special interest in the growing activities of the meetings of senior economic advisers to ECE Governments. During the past year meetings had been held on the use of mathematical models for purposes of economic policy-making and results of foreign trade projections, and on statistical requirements for economic models and planning. Meetings were now being prepared on technical progress as a factor in economic growth and on problems of multi-level planning, and a meeting had been suggested on the problems of long-term economic planning. It was hoped that the papers prepared by Governments for those meetings and the accounts of the discussions would be published and made available to experts working on those problems. The meetings of senior economic advisers were an effective instrument for bringing together economists from ECE countries to exchange experience and technical expertise on an increasing number of practical problems of common interest.

6. Progress in improving conditions for the exchange of commodities between East and West by eliminating administrative, economic and policy obstacles to trade had been disappointingly slow. After a two years' standstill, however, the Commission had adopted a new project at its last session and Governments had agreed to the convening of a meeting of governmental experts with authority to draw up practical proposals for removing the obstacles to the development of trade (resolution 2 (XXII)). The meeting was expected to take place in September and a report would be submitted to the ECE Committee on the Development of Trade due to meet in November 1967.

7. Turning to new activities, he mentioned some of the decisions taken at the recent session. Scientific and technical co-operation had been given a prominent place in the work programme and two resolutions had been adopted. One, resolution 14 (XXII), invited member States to intensify their efforts in promoting scientific and technological co-operation, both in a bilateral way and within the Commission, and to facilitate the exchange of information and experience among scientists and national technical-scientific research institutes. It was

hoped that a meeting of governmental experts would be held to consider the means of the further development of scientific and technical co-operation in traditional as well as new fields. The second, resolution 13 (XXII), was concerned with the methods used by Governments in organizing scientific and technological research and the benefits to be derived from an exchange of information and experience, taking account of the wide differences in priority accorded by different Governments. Those resolutions were concerned with some of the most pressing present-day problems and ECE's activity in that sphere might be useful to the other regional economic commissions.

8. Commenting on some of the main features of the economic situation in the region, he said that the *Economic Survey of Europe in 1966* (E/ECE/656) showed that western Europe was at present in a phase of readjustment. The combined growth rate of output had remained unchanged at between 3½ per cent and 4 per cent in 1966, which was a modest rate compared with the long-term average of 4½ per cent to 5 per cent. The adjustments had been due largely to policies designed to check excess demand and restore internal and external equilibrium, particularly during the past year in Western Germany and the United Kingdom, where the Governments were now encouraging a cautious re-expansion. In France and Italy, productive activity had increased normally in 1966, but signs of hesitation had been apparent in France during 1967. Most of the smaller industrial countries of western Europe had experienced some slowing down in activity, but they would benefit when growth was resumed in Western Germany and the United Kingdom. It would be reasonable to hope for a faster growth rate in Western Germany by the end of the year.

9. Policies of demand restraint had succeeded in their immediate objective of reducing international tensions and pressures on labour markets. Wage increase rates had been slowed down, notably in the United Kingdom, where a vigorous income policy had reinforced fiscal and monetary restraint during the past year. The effects of prices policy had been slower in appearing. The slowing down in output had resulted in a slower growth of trade between western European countries and in some slowing down in western European imports from the rest of the world. Imports from the developing countries, however, had in 1966 again increased in value by 5 per cent.

10. In eastern Europe and the Union of Soviet Socialist Republics there had been an acceleration of growth due largely to improved performance in the agricultural sector. A major event in 1966 had been the launching of the new medium-term plans, which were aimed at improving the qualitative performance of the economy, rather than accelerating growth in comparison with preceding planning periods. A major feature of nearly all the new plans was the increased emphasis on efficiency. Great stress was placed on technical progress and the benefits to be derived from foreign trade and economic co-operation especially in industry, science and technology; increasing importance was attached to policies concerning standards of living. There was a growing interest in management reform in a number of countries,

with price reform as one of the central issues. New wholesale prices were being introduced based on full production costs and more or less uniform profit margins, and they would be linked with retail prices more directly than in the past, so as to be influenced by consumers' variations. Increased efforts to make closer links between different price categories, particularly between domestic and foreign market prices, were expected in certain countries.

11. At its present session, the Council would be considering development in the ECE region, in the context of its examination of economic and social trends and policies in the world as a whole. The ECE was being used increasingly by the Governments of the region and it could be even more useful in the future as an instrument for co-operation among its member countries and as a contributor to the wider programmes of the United Nations.

12. U NYUN (Executive Secretary, Economic Commission for Asia and the Far East), introducing the annual report of ECAFE (E/4358), said that the record of Asia's economic and social development since the Second World War until 1964 had been steady though not spectacular. The developing countries of the region had achieved an average growth rate of nearly 5 per cent and some had achieved a rate of 7 per cent or 8 per cent. Industry, too, had shown a rise in output ranging from 10 per cent to 15 per cent.

13. In 1965 and 1966, however, the trend of economic progress seemed to have slowed down. The threat to Asia's economic growth came largely from three sources: failure of agriculture and especially of food production; a decline in export prices; and stagnation in the net inflow of foreign trade. The index of agricultural output of the developing ECAFE countries had increased from 116 in 1960 to 138 in 1965, but had fallen to 130 in 1966; food production had risen from 118 in 1960 to 140 in 1965 and fallen to 129 in 1966; export trade had increased from US \$8,500 million in 1960 to over US \$10,000 million in 1964, since when the increase had been almost negligible; the volume of imports had increased from US \$10,300 million in 1960 to US \$13,200 million in 1965 and had not risen in 1966; the import capacity index of the developing ECAFE countries, which took into account all the balance-of-payments factors including foreign aid and export surplus had risen from 118 in 1960 to 141 in 1965 and only to 144 in the first quarter of 1966.

14. The stagnation in Asian economic growth during 1965 and 1966 had been caused largely by the failure of rainfall over a large part of the continent. Agricultural production, particularly the rice crop in Burma, Cambodia, Ceylon, India, Pakistan and Thailand, had been adversely affected in two successive years and the deficit countries in the region had had to rely increasingly on imports of cereals to help to meet their growing demand for food. A considerable strain had thus been placed on their limited foreign exchange resources, which were vital for their economic development. The food situation was hardly more encouraging. A study carried out by ECAFE and FAO on long-term prospects showed that by 1970

the region's demand for food grains was likely to exceed its domestic production by a sizeable margin. A reassuring trend was that, in addition to their efforts to increase their industrialization, the ECAFE countries had devoted much of their national resources to agricultural improvement. Considerable attention was being given to planning in agriculture and to agricultural expansion and research. In that connexion, he welcomed the offer from UNDP to assist the countries of the region in setting up an Asian training centre in agricultural credit and in providing storage facilities to prevent wastage.

15. World commodity prices had not generally been favourable to the region's key exports. While the quantum indices of exports of all the developing ECAFE countries from 1960 to 1965 had increased steadily, the corresponding unit price index of exports for most countries in the region had remained the same or even declined. In Ceylon exports of tea had increased from 15,500 tons a month in 1960 to 18,400 during the first three quarters of 1966, but the unit prices for export had declined from Rs. 2.66 to Rs. 2.45 per lb. in the corresponding period. The tea-exporting countries had suffered a heavy loss, since the world commodity prices had not been remunerative enough to justify the increase in tea production. The situation in Malaysia was even more alarming: in four months during 1966 the price of rubber had dropped from M\$ 0.70 to M\$ 0.50 per lb., a decline of 29 per cent, reducing the country's annual planned development expenditure by over 25 per cent. In the developing ECAFE countries the major commodities were few in number and faced serious competition from synthetic substitutes. There was an urgent need for a system of supplementary financing to meet short-term fluctuations in export earnings.

16. In the developing ECAFE countries an industrial expansion of 40 per cent to 80 per cent between 1959 and 1964 had added considerably to their capacity for absorbing foreign aid. In absolute terms there had been an increase in the volume of foreign aid to those countries in the past few years, but the increase had not been evenly distributed and the terms attached to the aid had not been favourable to the receiving countries. The proportion of grants in total aid in the same period had declined from 58 per cent to 42 per cent. Those countries, whose declining export incomes had long been a serious obstacle to their economic and social development, were now faced with an ever-increasing burden of debt-servicing. It was a matter of serious concern that the flow of financial resources to the developing countries was largely cancelled out by their growing burden of debt. They were also faced with the problem of finding access to the markets of the developed countries for their exports of semi-manufactured and manufactured products.

17. The present year, in which the twenty-third session of ECAFE had been held, marked the completion of the first twenty years of its existence. The occasion had been commemorated by a document entitled "ECAFE—Twenty Years of Progress"¹ which showed an impressive record of achievements by countries in the region and

¹ E/CN.11/766,

revealed a number of important problems which the Commission and its member countries would have to tackle in the years ahead. The member countries of the region had expressed their determination to make intensive efforts to solve the problems and to seek full co-operation from the developed countries in accelerating their economic and social development.

18. It was considered that a target growth rate of 7 per cent might be needed during the 1970s to provide the developing countries of the region with the basic momentum to drive their economies forward. The Commission had requested the Secretariat to consider the implications of a higher target growth rate for the ECAFE region in the 1970s, in accordance with General Assembly resolution 2218 (XXI) on the United Nations Development Decade. The Commission had also adopted two historic resolutions, "Commemoration of ECAFE's Twentieth Anniversary" and "Tokyo Declaration" (resolutions 77 (XXIII) and 78 (XXIII)), in which its member countries reiterated their determination to develop a common will for regional economic co-operation and stressed the urgent need for directing the secretariat's work towards specific action programmes for liberalizing intra-regional and international trade and increasing external assistance to strengthen the development efforts of the Asian countries.

19. The problem of economic and social development in Asia was not confined to the economic pressures he had indicated: the whole Asian continent was faced with broad and deep-rooted problems. With a total population of 1,825 million increasing by 33 million a year, Asia had a serious population problem in addition to the problem of persistent failure in efforts to raise the level of food supplies. There were also the problems of the growing gap between the rich and poor nations of the world in income, trade, technology and availability of qualified human resources.

20. In recent years the Commission had endeavoured to adopt dynamic methods of operation. It had increasingly undertaken programmes of action to help countries to work together for the solution of common problems. Emphasis had been placed on projects of regional importance, which encouraged countries to join in common endeavour and which had a bearing on the formulation and implementation of policies by the Governments of member countries. The most outstanding examples of regional co-operative efforts were the Lower Mekong basin development project, the Asian Highway network, the Asian Institute for Economic Development and Planning, the Asian Development Bank and the Asian Industrial Development Council.

21. In recent years a large number of new and significant, though less known regional projects had been successfully started, including the establishment of the Committee for Co-ordination of Joint Prospecting for Mineral Resources in Asian Offshore Areas, the ECAFE Centre for Economic Projections and Programming, the Water Resources Consulting Group, the Ports Survey Team and the first Asian International Trade Fair. Many of the projects had been carried out in close co-operation with the United Nations Bureau of Technical Assistance

Operations, UNDP, UNCTAD, UNIDO and the specialized agencies concerned. The Commission was gradually assuming a greater role in Asia's economic activities, in spheres including production, exploration of non-agricultural resources, industry, trade, financing, shipping, demography, water resources and transport and communications. A working group of planning experts which had met in 1966 to study the regional harmonization of development plans had proposed the establishment of a committee to guide the activities of member countries in that sphere. The Commission had endorsed the recommendation at its last session and the secretariat was now preparing a series of regional and subregional meetings.

22. Regional co-operation was increasing. It was not unnatural that in Asia, with its social and cultural differences and political and economic complexities, countries should concentrate first on sub-regional co-operation through such groups as the Association of South-East Asia, and the Organization of Regional Co-operation for Development. Similar groups were being formed on education, transport, communications and industries. The sub-regional groups all looked upon ECAFE as a source of inspiration and guidance.

23. The past year had been one of fruitful activity for ECAFE in many fields and an increasing part had been played in the technical co-operation, pre-investment and related operational activities of the United Nations in the economic and social fields. The most important achievements had been the opening of the Asian Development Bank, the holding of the First Asian International Trade Fair and the establishment of the Asian Industrial Development Council.

24. The Asian Development Bank had started operations in Manila on 19 December 1966 with an authorized capital of \$1,100 million and a total membership of thirty-one countries, nineteen of them in the ECAFE region. It was now planning operational policy and recruiting staff. It hoped to send survey missions to appraise national development projects with a view to ascertaining which were suitable for financial support from the Bank. He hoped that the developed countries would contribute generously to the funds.

25. The First Asian International Trade Fair, held at Bangkok in November and December 1966, had been the largest trade fair ever held in Asia and had attracted over 3,000 exhibitors and over one and a half million visitors. Contracts amounting to more than US \$20 million had been signed before the close of the Fair. A welcome feature was that the Fair had demonstrated to a number of developing countries in the region the opportunity for ready sales for their manufactured products. The Second Asian International Trade Fair was to be held in Teheran in 1969.

26. The Asian Industrial Development Council had started work by concentrating on selected projects. It had identified several possibilities for regional and sub-regional co-operation on industrial projects and activities. Two survey missions were being organized, one concerned with iron and steel and the other with pulp and paper. A number of action groups were being established to

examine industrial projects proposed by member countries.

27. The establishment of the Committee for Co-ordination of Joint Prospecting for Mineral Resources in Asian Offshore Areas had opened a new horizon for the location of Asian mineral deposits suitable for economic exploitation. The Committee had been concentrating on the Western Pacific but would extend its activities to other offshore areas.

28. With the approval of the Governing Council of UNDP, a Transport Technical Bureau had been set up to co-ordinate activities relating to the development and expansion of the Asian Highway project. The establishment of the Bureau would facilitate the completion of at least one through-route linking the Asian Highway countries from east to west by the end of the Development Decade. The ECAFE Port Survey Team had already completed studies in a number of countries with a view to improving port facilities. At its last session the Commission had endorsed the inclusion in the work programme of a pre-feasibility study on a trans-Asian railway network which would eventually link countries in the region with those served by the European and African railway systems. The Commission had given special thought to the desirability of setting up a conference of Asian ministers of transport and communications to act as a high-level policy co-ordinating body to deal with all aspects of co-operation, integration and harmonization of plans, investment policies and operational regulations to facilitate the flow of international, intra-regional, sub-regional and local traffic by developing all means of transport and regional telecommunication networks including satellites.

29. Work on the Mekong development scheme continued to show excellent results. The most significant event of the year had been the inauguration of the construction of the Nam Ngum tributary project in Laos, which would supply power to Vientiane and provide the first international transmission and exchange of electric power within the Mekong basin. In recognition of its endeavour to harness the power and waters of the Mekong river for the benefit of the peoples of the Mekong river basin, irrespective of race, class or politics, the Committee for the Co-ordination of Investigations of the Lower Mekong Basin had in 1966 been given the Ramon Magsaysay Foundation Award for International Understanding. Financial assistance from the United Nations would play a key role in the coming years, for although representing only a small proportion of the \$120 million now pledged to the project, it acted as seed money leading to investment and construction by member countries and by co-operating countries and agencies outside the basin. He hoped that generous contributions would be forthcoming from the international community to enable the Mekong Committee, ECAFE and the United Nations to carry out the Prek Thnot project in Cambodia.

30. The Commission had also contributed to the region's economic and social development by assistance in training technical personnel by means of regional advisory services, expert groups, seminars and training centres in a variety of fields. Since its inception in January 1964 the

Asian Institute for Economic Development and Planning had trained over 450 government officials of different nationalities. At its recent session the Commission had decided on the establishment at Tokyo of an Asian Statistical Institute, to provide statistical training for senior personnel (resolution 75 (XXIII)).

31. In the sphere of social development ECAFE had devoted increasing attention to helping countries in planning and evaluating community development projects, in general demography, census analysis and training, population policies and programmes and the social aspects of national economic development. Assistance had also been given in vocational, auxiliary and in-service training to provide manpower for social welfare. The Commission's efforts were helping in the implementation of General Assembly resolution 2211 (XXI) on population growth and economic development.

32. The ECAFE region, which accounted for more than half the population of the world, had reached a critical stage in economic and social development. Its immense area and immense needs were a challenge to the Commission, the secretariat and the member countries, and they had all accepted their obligation to find new and increasing scope for mutual assistance. One of the most positive and inspiring features in the Commission's work had been the keen sense of mission and partnership that had developed among the Asian members and between them and the advanced countries of the world. The countries of Asia looked to the developed countries for sympathetic understanding and active co-operation, particularly through the United Nations and its organizations and agencies and, above all, the Council. He hoped that the work of the United Nations in the economic and social fields would help to draw the developed and the developing countries together so that all countries could work as partners towards achieving a fuller and richer life for the peoples of Asia and of the whole world.

33. Mr. QUINTANA (Executive Secretary, Economic Commission for Latin America), introducing the annual report of ECLA (E/4359 and Add.1), said that in the current decade Latin American countries had made progress in such aspects of development policy as financial and technical co-operation, administrative reform, planning, tax reform, land settlement, agrarian reform and anti-inflationary policies; the social aspects of development, including education, vocational training, housing and public health, had also received attention. The movement towards economic integration had gathered momentum and decisions had been taken to promote internal conditions favouring the expansion and diversification of exports. United Nations activities in the Development Decade, the discussions and recommendations of the first session of UNCTAD and the agreements and declarations adopted by the regional organizations had clarified the problems of developing countries and shaped the decisions which had to be taken regarding trade and financial and technical co-operation in order to promote development in Latin America. Nevertheless, economic development in Latin America continued to be uneven and sluggish, the lack of dynamism being man-

ifested in the low level of productivity, the increase in unemployment and the exacerbation of social tensions.

34. In most countries, the factors which were most instrumental in keeping the growth rate below the level that might have been attained were balance-of-payments problems resulting from the low level of export earnings, the loss of purchasing power, the heavy burden of servicing the accumulated debt and the inflexibility of external financing machinery. Despite the positive results they had achieved, it was difficult to maintain anti-inflationary policies when they contributed, as they had done in Latin America, to a decline in the economic growth rate and to increased unemployment. It was also difficult to create conditions that would ensure a certain degree of stability if internal structural problems remained unsolved and there were large imbalances in the international payments situation. Those problems could be solved more effectively through external co-operation on fair terms.

35. Industrial development had become sluggish under the impact of the difficulties of continuing import substitution, the slackening of demand, stabilization policies, the structure imposed on demand by the high concentration of income in Latin America and, particularly, balance-of-payments problems. Thus industry was not promoting employment of the labour force created by urban population growth and surplus rural population. There were clear signs in Latin America that absorption of the active population in the industrial sector had declined during the last few years and that unemployment and unproductive marginal employment had increased, in both absolute and relative terms.

36. Another source of grave concern to Latin America was the relation between the social services, employment and economic activity. In recent years the social services had increased considerably and social aspirations and pressures continued to swell the demand for those services. The aspirations might not be fulfilled and the services might not be brought into operation if balance-of-payments problems became more acute, production capacity failed to expand and employment levels were not raised in the economic sectors that had recently lost ground.

37. Latin America's development problems persisted in spite of the progress made in adopting internal measures. The projections prepared by a number of institutions showed that, unless there was a change in world trade conditions and in the policies of the industrialized countries, those problems would become more acute and Latin America would find it hard to attain the minimum growth targets envisaged for the Development Decade or established at the regional level.

38. Latin America was aware of the need to continue with structural reforms and to expand education and training programmes to satisfy the demand for skilled labour created by economic growth. It was also aware that it could make a greater effort to mobilize resources for investment, particularly in view of the high concentration of income. In the majority of Latin American countries, however, the most serious handicap to development was the external sector. Hence the emphasis on three basic

development policy objectives: firstly, to accelerate regional integration so that import substitution could continue on a more rational basis within the wider Latin American market; secondly, to increase and diversify exports, including industrial products, to the rest of the world at suitable and remunerative prices; thirdly, to secure external financing and better repayment and interest terms.

39. The American Chiefs of State had decided, at their meeting at Punta del Este in April 1967, that the integration process should be accelerated by improving and expanding the Latin American Free Trade Association and bringing it into closer relationship with the Central American Common Market. They had also decided that joint efforts should be made to ensure compliance with "standstill" commitments and to obtain access to world markets for Latin America's products, and had agreed to consult each other concerning systems of general non-reciprocal preferential treatment for exports of manufactures and semi-manufactures.

40. The agenda for the twelfth session of the ECLA Conference had comprised four substantive items: Latin America's economic and social situation; planning problems; Latin American trade policy in relation to the second session of UNCTAD; and the integration problems of the relatively less developed countries.

41. As background material for the analysis of the economic and social situation, the secretariat had presented the *Economic Survey of Latin America, 1966* (E/CN.12/767 and Add.1-3), part 4 of which contained a study prepared in collaboration with FAO, giving an account of recent trends in agricultural production in Latin America, the actual situation of the agricultural sector, and development prospects for agriculture up to 1980.

42. The document on planning² which the secretariat had submitted to the Commission had indicated the progress achieved in Latin America but had pointed out that the initial enthusiasm for planning had begun to wane.

43. Latin America's trade policy, international trade problems and the forthcoming second session of UNCTAD were questions of vital concern to the Commission, whose members had expressed concern at the fact that the policy of the economically advanced countries seemed to have made no significant progress towards facilitating the expansion of the trade of the developing countries. Their disappointment had increased when the results of the Kennedy Round of negotiations had become known. The secretariat had been requested to prepare a document for submission to the second session of UNCTAD; to evaluate the results of the Kennedy Round from the standpoint of the Latin American countries; to study and propose operational formulæ and machinery for ensuring full implementation of the principles and recommendations of UNCTAD; to consider the expansion of trade between the Latin American Countries and the countries with centrally-planned economies; to request information from Governments on the implementation of

² "Planning in Latin America" (E/CN.12/772).

the decisions adopted at the first session of UNCTAD; and to convene a session of the ECLA Trade Committee in order to analyse the results obtained at the second session of UNCTAD and to decide, in the light of that evaluation, on its programme of foreign trade activities (resolution 264 (XII)).

44. With regard to regional integration (resolution 265 (XII)), the Commission had requested the secretariat to co-operate as fully as possible with the competent agencies in carrying out studies and identifying the measures needed to give effect to the decisions contained in the Declaration of the Presidents of America. The secretariat had also been requested to continue to study measures and machinery designed to ensure that the relatively less developed countries could share in the benefits deriving from the process of integration.

45. On the subject of development, the secretariat would have to intensify its studies of general and sectoral development policy in order to provide guidance concerning the type of institution, machinery and measures needed to accelerate growth. Its studies on social policy should continue to be linked as closely as possible with the research on more specifically economic matters. There was particular need for a comprehensive study on employment and population policy. Since the secretariat acted as an adviser to the Latin American Free Trade Association and the Central American Common Market, it should undertake further studies on systems of tariff reduction, tariff harmonization and sub-regional agreements and policy co-ordination. It had also been requested to take part in the studies on multinational projects, such as the utilization of the River Plate basin and the development of border zones. There was obviously a need for studies in depth of the agricultural sector and basic research should be undertaken to help to encourage a co-ordinated agricultural policy for promoting the integration of the sector. There was also need for further studies on the assimilation of technology, its adaptation and the encouragement of scientific and technical research in Latin America in the light of the conditions and natural resources of the countries of the Continent.

46. The ECLA was maintaining permanent contact with the various specialized agencies, with many of which it was operating joint research programmes.

47. Mr. GARDINER (Executive Secretary, Economic Commission for Africa), introducing the annual report of ECA (E/4354 and Corr.1), said that since that report had been distributed some inconsistencies in the text had been discovered, which would have to be referred to the member States of the Commission for clarification. The inconsistencies concerned resolution 151 (VIII), the English and French texts of which did not correspond. The discrepancy affected the substance of the resolution and the accuracy of paragraph 404 of the report. He sought permission to report to the Council on that resolution after the necessary clarification had been obtained.

48. Before discussing the report in detail he wished to remind the Council that in the past twelve months Lesotho and Botswana had attained independence and joined the

Commission. The difficulties facing those countries were threefold: firstly, they were surrounded by and linked in various institutional and economic ways to countries which pursued different social and economic policies from their own; secondly, they were among the poorest countries in a region which was itself poor; thirdly, there were not enough trained men in those areas to develop and administer their economies.

49. The main features of development in the region were described in the annual report and in *A Survey of Economic Conditions in Africa, 1960-1964* (E/CN.14/397). Although significant changes had taken place in both the means and the ends of economic policy in most of the African countries, the economic and social conditions of the great mass of the African people were largely the same as they had been a decade earlier. During the past decade the average per capita income for developing Africa as a whole had probably not increased more than one per cent annually. It was important to consider why the expected results had not been secured. Agriculture constituted the largest sector of productive activity in Africa. Agricultural production had expanded at a rate of 2½ per cent per annum, but the output of food per head in 1965/66 had been about 2 per cent below the average for 1952/53 to 1957/58. Furthermore, the volume of exports of agricultural products had increased more rapidly than production, leading to a fall in the amount of food available for consumption. There was growing recognition of the fact that not only did poor performance in the agricultural sector depress over-all growth rates but that to be successful, rapid industrial development had to be supported by increases in food production and supply. Among the priority objectives for the 1967/68 biennium was one for providing assistance to African Governments to enable farmers and peasants to obtain better returns from their work through improvements in productivity, provision of storage facilities and efficient marketing arrangements, together with an increase in the local purchasing of agricultural products.

50. The industrial sector in Africa had grown faster than all other sectors but was still at an extremely low level, African industries being handicapped by high capital and labour costs and limited national markets.

51. Meetings on economic co-operation had been organized in all four sub-regions of the continent. Ten East African countries had ratified terms of association for an Economic Community of Eastern Africa, while representatives of the Central African countries had agreed that a ministerial committee should be established to consider institutional arrangements for economic co-operation. In North Africa, the Maghreb Council of Ministers was enlarging the scope of its interests and activities, and twelve out of fourteen West African countries had signed Articles of Association setting up an Interim Council of Ministers to prepare a treaty for the establishment of an economic community of West Africa. Further work was necessary, however, to move from the stage of general agreement on multinational action and of pre-feasibility studies to that of permanent working arrangements on implementation of specific bankable projects. The cementing of African economic co-operation

would demand large investments of capital and human resources in transport, communications, power and training institutions and it was encouraging to see that some major donor countries and the multilateral financial institutions were changing their aid policies and placing greater emphasis on technical assistance and the financing of capital projects to strengthen African sub-regional economic activities.

52. The reports and recommendations of the United Nations Advisory Committee on the Application of Science and Technology to Development recognized that there was a large store of scientific knowledge and technical skills which could be used to accelerate the pace of economic and social development. The question was how to transfer that knowledge and those skills from the developed to the developing countries. It seemed impracticable to expect any significant use of modern technology if Africa produced few, if any, chemists, engineers, biologists, market research specialists or food technologists. If the newly emerging management cadres could learn virtually nothing of the possibilities and problems of adapting and applying science and technology to development, the development programmes would yield only minimal results. The scope and nature of requirements in education in Africa called, therefore, for special attention. The recent expansion of primary education programmes in Africa was creating new and serious social problems. A new type of institution for pre-vocational training was required to prepare young persons for semi-skilled and skilled work. Such an institution could also play a decisive role in removing a major obstacle to technical development in both agriculture and industry.

53. A dominant constraint on economic growth in most African countries was the increasing lack of foreign exchange. Between 1960 and 1965 Africa's export earnings had increased at an average annual rate of 8 per cent but more than one-half of the total expansion was due to increased exports of petroleum from Libya, Algeria, Nigeria and Gabon. Despite a deterioration in its terms of trade, Africa was able to increase its earnings from a number of other leading commodities by sharp increases in the volume of shipments, but the majority of the primary agriculture-based commodities had experienced the characteristic trend towards a slow growth in total sales to the principal world markets. Indeed, sales of a number of the region's principal foreign exchange earners, such as cotton and cocoa, had actually declined. The trade gap had closed not only because exports of a number of commodities had grown quickly, but also because imports had grown slowly. The majority of African States had been obliged to restrain imports and purchase external equilibrium at the expense of economic growth. If the pace of economic growth in Africa were to quicken, the trade and payments position of most African countries would deteriorate rapidly.

54. Doubts had been expressed about the ability of African countries to utilize additional resources for growth. It should be recognized, however, that what might appear as an absorptive capacity constraint when viewed in relation to an isolated project might be seen in quite a different light if a broader-based programme were con-

templated. Countries at a low level of development might not, in the first instance, be capable of making use of complex equipment for sophisticated production purposes, but such countries might have relatively large capacities for the absorption of technical assistance, education and training facilities.

55. Preliminary surveys had been completed for creating links between African countries, between major urban centres and between the capitals and the interior, and efforts were now under way to draw up rational plans for creating an African air transport system and road, water and telecommunication links. The Commission expected multinational or co-ordinated bilateral sources to assist in financing those systems. The sums needed would be large; were they obtained in the quantity required, and at commercial rates, interest payments and amortization would eat up the meagre export earnings of most African States. It behoved the African Governments to engage in consultations with their neighbours and to agree upon common endeavours, but the Commission also expected that industrialists and financiers in developed countries would participate in developing mutually advantageous enterprises. Without that joint effort, even the granting of concessions for the export of semi-manufactures and manufactures would not bring immediate benefit to the less developed countries in developing regions.

AGENDA ITEM 1

Adoption of the agenda

QUESTION OF THE INCLUSION OF A SUPPLEMENTARY ITEM PROPOSED BY THE USSR (E/4409) (*continued*)

56. Mr. KHALLAF (Observer for the United Arab Republic), speaking in accordance with the provisions of rule 75 of the rules of procedure, said that at the previous meeting the Israel representative had argued that his country had been threatened by the Arab States. That was surely a curious reading of history, for it had been the population of Palestine, a country with millions of inhabitants, having their own culture and traditions, which had in 1948 been threatened and eventually evicted by the Israelis. It was impossible for the Arab countries to forget about that part of their occupied territory, just as it had been impossible for France to forget about Alsace-Lorraine between the years 1870 and 1918.

57. The Israel representative had accused the Arab countries, headed by the United Arab Republic, of provoking the recent war in the Middle East by the blockade of Aqaba, despite the fact that that "blockade" had consisted merely in the United Arab Republic's preventing its enemy from passing into its territorial waters. In that connexion he recalled that Eilat had been seized by Israel unlawfully after the demarcation of the 1948 armistice lines.

58. He emphasized that his country's troops had been moved into the Sinai peninsula as a defensive measure, but had refrained from firing the first shot in deference to the peace negotiations which were being conducted at that time. Indeed, it was noteworthy that even impartial

international statesmen had reproached Israel for having taken the offensive. The Israel representative had further denied that his country was responsible for any aggression, despite the fact that it had been the one to take aggressive action and to cause damage, for which it should be called upon to pay compensation.

59. Referring to the observations of the representatives of Sierra Leone and the United Republic of Tanzania at the previous meeting, he urged the developing countries, which had suffered so much from colonialism, to be constantly on their guard against neo-colonialism and imperialism. The United Arab Republic certainly did not want war, but its people had had to choose between subjugation by Israel and a struggle for freedom.

60. Mr. ALLOUANE (Observer for Algeria), speaking in accordance with the provisions of rule 75 of the rules of procedure, said that, notwithstanding the arguments presented by the representative of Zionism the previous day, the item under consideration did in fact fall within the Council's competence, since it concerned the economic and social consequences of premeditated Zionist aggression, supported and encouraged by the imperialist Powers. Its competence in that respect was clearly specified in Articles 62 and 65 of the United Nations Charter; it was therefore clearly incumbent upon the Council to examine the item proposed by the USSR delegation (E/4409), in view of the disastrous economic and social consequences of Zionist aggression in the Middle East. Indeed, the gravity of those consequences was further compounded by the fact that Zionist aggression had not only nullified the economic and social progress achieved by the Arab countries during recent years with the help of the disinterested assistance provided by the USSR and friendly countries, but had seriously compromised the economic and social future of those countries.

61. The extent of the economic consequences of Zionist aggression had yet to be clearly defined, but they included the occupation of the most fertile part of Jordan, the pumping of petroleum from wells in the Sinai peninsula and the steps taken by the occupying army to prevent the reopening of the Suez Canal to navigation, thus depriving the Government of the United Arab Republic of one of its main sources of revenue.

62. Article 62, paragraph 2 of the Charter, which stated that the Council could make recommendations for the purpose of promoting respect for, and observance of, human rights and fundamental freedoms for all, was particularly apposite in view of the atrocities committed and the suffering caused by Zionist forces. Moreover, the ranks of the half million persons who had been expelled from Palestine and who had been living for twenty years on international charity had been swelled by tens of thousands of others fleeing before the occupying forces. The authorities of Tel-Aviv had stated that all Arabs who had fled the western bank of the River Jordan could return to their homes; that was pure propaganda, however, since their return was subject to impossible conditions, and the 400 of the 250,000 refugees who had succeeded in returning had found neither the homes nor the property they had abandoned.

63. The representative of Zionism had spoken of his confidence in the United Nations, regardless of the fact that the authorities he represented had never applied any General Assembly or Security Council resolution and refused to go back on their decision to annex Jerusalem despite the two recent General Assembly resolutions on the subject that had been adopted unanimously.

64. In conclusion, he expressed the hope that the Council, by considering the item proposed, would make right and justice prevail in the interests of lasting and universal peace.

65. Mr. GELBER (Canada) said that his delegation opposed the request for the inclusion in the Council's agenda of the item proposed by the USSR delegation, since it was clear that its motive was essentially political in character and since it was aimed at fixing the responsibility of Israel for its alleged aggression against the United Arab Republic, Syria and Jordan. It was the task of the Security Council and the General Assembly, and not the Economic and Social Council, to make what would be tantamount to a finding of aggression and to attribute responsibility for the damage caused by such alleged aggression. X

66. Nor did his delegation see why the Council should embark on a futile and time-consuming repetition of the debates which had already taken place on the subject in the Security Council and the General Assembly. On 4 July 1967 the General Assembly had rejected a draft resolution submitted by the USSR delegation on the subject,³ and he noted that the basic elements of that draft resolution constituted the key features of the item proposed for inclusion in the Council's agenda and the explanatory letter submitted by the USSR representative (E/4409). The intention behind the USSR request was apparently that the Council should repeat the futile debates which had recently taken place in the Security Council and the General Assembly.

67. A further telling argument against inclusion of the proposed item in the agenda was that the Council should not be diverted from the many important issues before it by consideration of a politically motivated item, particularly as it was already falling behind in its work.

68. In conclusion, he said that Canada had voted for resolution 2252 (ES-V), adopted by the General Assembly at its current emergency special session, since it was deeply concerned at the tragic plight of the Arab refugees in the Middle East. Indeed, he had just received a cable stating that the Canadian Prime Minister was sending relief food to the value of some \$2.5 million to the Middle East and that, as an emergency measure, the Government had also matched an initial grant of \$20,000 by the Canadian Red Cross for supplies to help meet the urgent needs created by the recent conflict.

69. Mr. BUSNIAK (Czechoslovakia) described the damage suffered by the United Arab Republic, Syria and Jordan as a result of Israel's aggression and referred to the tens of thousands of new refugees it had created.

³ A/L.519.

Israel must clearly be held responsible for its action and could not be allowed to annex and exploit territory it had seized by force. The time for pious hopes and the adoption of resolutions of a humanitarian nature was past; what was needed was a solution which went to the root of the problem by requiring compensation from the country which was responsible for the damage caused. International law clearly specified the responsibilities of States which violated international undertakings. In the case in point, the violation of international law was of a particularly flagrant and dangerous nature, since Israel had unleashed an aggressive war against third countries in violation of its undertakings under the United Nations Charter and despite the fact that war as an instrument of national policy had long been condemned. For that reason, it should be held fully responsible by the Council for the economic and social consequences of its aggression. Responsibility for wars of aggression was also specified in a number of important international documents, approved by the General Assembly, and implied the withdrawal of Israel troops to the lines held before 5 June 1967 and the payment of compensation for the damage caused as a result of its aggression.

70. As Israel refused to recognize its responsibilities under international law and continued to occupy the territory of Arab countries and to evict the Arab inhabitants from their homes, it was the duty of the international community to take energetic action to remedy the situation.

71. He expressed indignation that at the previous meeting the Israel representative had sought to glorify his country's aggression against the Arab countries and

had even dismissed as propaganda the statements of delegations which had presented extremely convincing arguments in favour of the inclusion of the proposed item in the Council's agenda. That representative's falsification of the facts had represented a patent and vain attempt to camouflage the real situation and to shift responsibility for his country's aggression. The facts of the situation showed clearly, however, that it was Israel which had committed aggression against the Arab countries and that it should be held responsible for its actions.

72. For all those reasons, his delegation supported the inclusion in the Council's agenda of the item proposed by the USSR delegation.

73. Mr. ZOLLNER (Dahomey), referring to the remarks made by the Libyan representative at the previous meeting, assured that representative that Dahomey reached decisions on various matters on the basis of their intrinsic merits and was not influenced by any pressure that might be brought to bear during the decision-making process.

74. His delegation considered that the Council would be establishing an extremely dangerous precedent by considering the item proposed by the USSR delegation, since in so doing it would be arrogating to itself, as a subordinate body, the right to review the decisions of superior bodies, namely, the General Assembly and the Security Council. For that reason, it was unable to support the inclusion of the proposed item in the Council's agenda.

The meeting rose at 6.35 p.m.