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Chairman: Mr. Bohdan LEWANDOWSKI
(Poland).

AGENDA ITEM 39

Permanent sovereignty over natural resources (A/4905, A/5060, A/5225, A/AC.97/5/Rev.2 and Corr.1, A/C.2/L.654 and Corr.1, E/3511, E/L.914, E/L.915, E/L.918, E/L.919, E/SR.1177-1179, E/SR.1181) (continued)

CONSIDERATION OF THE DRAFT RESOLUTION OF THE COMMISSION ON PERMANENT SOVEREIGNTY OVER NATURAL RESOURCES (A/C.2/L.654 AND CORR.1) (continued)

1. Mr. HAKIM (Lebanon) introduced the sub-amendment submitted by his delegation and that of Syria

(A/C.2/L.697) to the revised amendments of the United Kingdom and the United States of America (A/C.2/L.686/Rev.2). The purpose of the sub-amendments was to make clear that the agreements in question were agreements between sovereign States. He did not consider that agreements between sovereign States could be equated with agreements concluded between a Government and a domestic or foreign company. Agreements of the latter sort did exist, but they were subject to national jurisdiction and could sometimes be modified by national legislation, even in cases not involving nationalization. In that connexion, he found it difficult to accept a text which used the expression "good faith" in relation to contracts subject to domestic law; that seemed to imply that some sovereign States failed to observe their contracts in good faith. The draft resolution under consideration (A/C.2/L.654 and Corr.1) was concerned with national sovereignty over the natural resources of the developing countries, and the protection of foreign funds should be dealt with, if necessary, in another resolution. In his opinion, moreover, the question of protecting contracts entered into between Governments and foreign investors was strictly a matter for domestic legislation and seemed out of place in a United Nations resolution.

2. Mr. TOMEH (Syria), introducing his delegation's sub-amendment (A/C.2/L.698) to the amendments of Burma and the Sudan (A/C.2/L.696), said that that text was the outcome of the previous day's discussion, and in particular of the statement by the Afghan representative. He appreciated the spirit of compromise that representative had shown; the Syrian sub-amendment was prompted by the same spirit and also by the statement made by Mr. Schachter, Director of the General Legal Division. Admittedly, the problem of permanent sovereignty over natural resources was highly complex, and even the sponsors of the draft resolution before the Committee knew full well that the last word had not been said on the matter. He agreed that the question should be taken up again by the Commission on Permanent Sovereignty over Natural Resources, as requested in the amendments submitted by Burma and the Sudan. He made three appeals: first, to the Burmese and Sudanese delegations, to accept his sub-amendment and withdraw paragraph 3 of their amendments; secondly, to the Afghan representative and all those who shared his views, to remember that the draft resolution was equally dear to the Syrian delegation, which had helped to prepare it; and thirdly, to all members of the Committee, to show a spirit of compromise. The draft resolution could be understood only in the light of its history, and it was natural and even desirable that divergent opinions had been expressed.

3. Mr. SOUSSAN (Morocco) introduced, on behalf of its sponsors, a sub-amendment (A/C.2/L.699) to the revised amendments of the United Kingdom and the

United States (A/C.2/L.686/Rev.2). He hoped that the understanding shown by the sponsors of those amendments in incorporating into their text ideas expressed by the Algerian delegation would also induce them to take into consideration the concerns reflected in the sub-amendment. Everyone knew how much importance the Governments of the developing countries attached to natural resources. Those Governments also understood the anxiety expressed by the foreign investors who were seeking safeguards for their rights and interests. Those countries badly needed foreign capital for their development programmes, and that need had led them to give increasingly firm guarantees, with legislative and constitutional support. Those guarantees were based on the principles of international law. In that connexion, his country was bound by international agreements regarding the ownership of industrial undertakings. In addition, Morocco guaranteed the immediate and complete transfer, not only of invested capital, but also of the income, dividends and interest it earned.

4. It should be remembered that the essential purpose of the draft resolution, as its title clearly indicated, was to protect the permanent sovereignty of States over their natural resources. However, it also aimed at providing safeguards for all parties concerned. Many amendments had been submitted, of which some weakened and others strengthened the proposal. The sub-amendment submitted by Jordan, Morocco and Thailand was designed, not to change the basic idea of the United Kingdom and United States amendments, but merely to forestall a possible misunderstanding. The second amendment contained in document A/C.2/L.686/Rev.2 implied that recourse to arbitration or international adjudication was possible without prior recourse to national jurisdiction. The sponsors of the sub-amendment wished to prevent the latter from being by-passed, either explicitly or through vagueness in drafting.

Miss Sellers (Canada), Rapporteur, took the Chair.

5. Mr. SAHLOUL (Sudan) stated that the sponsors of the amendments set forth in document A/C.2/L.696 were happy to accept the Syrian sub-amendment (A/C.2/L.698) in place of the second paragraph of their fourth amendment; they were also willing to withdraw the third amendment. The delegations of Burma and the Sudan hoped that those changes would enable the Committee to give document A/C.2/L.696 wide support. In addition, the sub-amendments to the amendments contained in document A/C.2/L.686/Rev.2 should, in his opinion, facilitate a fairly general agreement on that document.

6. Mr. NAHAPPAN (Federation of Malaya) considered that, in view of the new features it introduced, the amendments of the United States and the United Kingdom (A/C.2/L.686/Rev.2) relating to the preamble of the draft resolution was in a form satisfactory to newly independent States. However, the second amendment of the United Kingdom and the United States had proved unsatisfactory to some delegations. The second sentence of the proposed paragraph had given the impression that where an agreement existed, whether of recent date or of long standing, that agreement could compel the newly independent countries to have recourse to arbitration or international adjudication without first exhausting national jurisdiction. The original text of the draft resolution referred to the principles of international law. It should be understood that, in the event of any

dispute, application should first be made to national jurisdiction, and that recourse might be had to arbitration or international adjudication only by way of exception and by agreement between the parties. The wording of the text submitted by the United Kingdom and the United States was also unsatisfactory in that the amendment relating to the preamble might be taken to mean that paragraph 4 of the draft resolution applied only to States formerly under colonial rule, and not to States which had never been colonies but which had signed unequal agreements. Those misgivings could be dispelled by re-drafting the second United Kingdom and United States amendment. He believed that, on the whole, the United Kingdom and United States amendments, if amended as proposed, would meet the requirements.

7. Mr. TODOROV (Bulgaria) suggested that the sponsors of the amendments contained in document A/C.2/L.686/Rev.2 should delete the words "operative paragraph 4 of" from the first paragraph which they wanted to insert after the third preambular paragraph of the draft resolution.

Mr. Lewandowski (Poland) resumed the Chair.

8. Mr. WODAJO (Ethiopia) said that while international co-operation was unquestionably a praiseworthy and necessary objective, it could under no circumstances take precedence over the right of States to sovereignty. In submitting the draft resolution now under consideration, the Commission on Permanent Sovereignty over Natural Resources had taken account of the progressive development of international law with regard to relations between States. That sector of international law was at present in a highly fluid state and could not be delimited once and for all by a draft resolution of the type now before the Committee. The great merit of the Burmese-Sudanese amendments was that they did not treat the matter as settled but dealt with it in terms of the changes taking place in relations between States.

9. His delegation was inclined to accept the wording for paragraph 4 which appeared in the United States and United Kingdom amendments, but it shared the concern of the Federation of Malaya in that connexion. The paragraph should indicate clearly that, in any case where the question of compensation gave rise to controversy, national jurisdiction should be exhausted; only thereafter could the dispute be settled through arbitration or international adjudication, if the parties concerned so agreed. He would like clarification of the last United Kingdom-United States amendment; it seemed to put foreign investment agreements and technical assistance agreements on an equal footing, although they were completely different: the former created various rights and obligations for the parties concerned, whereas the latter imposed no obligations on the recipient countries.

10. Mr. DELGADO (Senegal) said that the recognition of the natural right of nations and peoples to permanent sovereignty over their natural resources was an important milestone in the history of the United Nations, since it opened the way to economic independence for the new States and to the creation of a climate of international co-operation. That sovereignty must be respected and freely exercised, subject to the rights and obligations of States under international law. There was still room for all forms of co-operation, and Senegal, for its part, had sought to face the realities of economic interdependence by

providing broad opportunities for foreign investment under its four-year development plan; he cited in that connexion the guarantees embodied in his country's investment code, the bilateral co-operation agreements it had signed with other countries, the mixed companies it had set up and the exploitation rights it had granted to private interests. Taking the same policy as its guide, his delegation would have been quite willing to vote in favour of the draft resolution in its original form, which it regarded as a very well-balanced text; in the hope of seeing the Committee reach unanimous agreement, however, it had studied the various amendments that had been submitted.

11. His delegation had welcomed the Algerian amendment (A/C.2/L.691); he was glad to note that the United Kingdom and the United States had taken it into account in their revised amendments, and he would support that new version. He was also prepared to support the third amendment of the two Powers, although he would suggest that the sponsors should replace the words "technical assistance" by the words "technical co-operation", since the term "assistance" connoted something far more unilateral in nature. His delegation would also support the third of the Soviet Union's amendments (A/C.2/L.670), as well as those which concerned paragraph 6 of the draft resolution. The sub-amendment contained in document A/C.2/L.699 should be adopted, for it provided useful clarification. However, he could not support the Burmese-Sudanese amendments (A/C.2/L.696) or the Syrian sub-amendment (A/C.2/L.698), for he saw no purpose in referring the matter back to the Commission on Permanent Sovereignty over Natural Resources, inasmuch as a basis for agreement already existed.

12. Mr. FERNANDINI (Peru) introduced the amendment contained in document A/C.2/L.700.

13. Following an exchange of views between Mr. LUQMAN (Mauritania), U MAUNG MAUNG (Burma), Mr. BRILLANTES (Philippines) and Mr. KANO (Nigeria), the CHAIRMAN suggested that further discussion on the draft resolution and the related amendments should be deferred until 3 December to allow for consultations among the various sponsors.

It was so decided.

AGENDA ITEM 35

Economic development of under-developed countries (A/5220) (continued):

(f) Decentralization of the economic and social activities of the United Nations and strengthening of the regional economic commissions (A/5196, A/C.2/L.653/Rev.2, E/3643)

CONSIDERATION OF THE JOINT DRAFT RESOLUTION (A/C.2/L.653/REV.2) (concluded)

14. Mr. MALHOTRA (Nepal) introduced the new revised text of the draft resolution (A/C.2/L.653/Rev.2), in which almost all the points raised in the amendments had been taken into account. After consultation with the Secretariat, the reference to the Secretary-General in paragraph 3 of the first revised text had been deleted; it seemed desirable that the reference to the executive secretaries of the regional economic commissions should also be dropped. The sponsors had seen some merit in the USSR amendment (A/C.2/L.695) but had been unable to take it into account at the present stage because some of its provisions

required clarification. They had felt that, since the United Nations, like the specialized agencies, was an organization executing projects under the Expanded Programme of Technical Assistance and the Special Fund, there was no reason to make special mention of the regional economic commissions among the executing organizations, for the commissions were themselves part of the United Nations.

15. With regard to the USSR suggestion that the executive secretaries of the regional economic commissions should be included in the membership of the Technical Assistance Board and of the Consultative Board of the Special Fund, the sponsors had felt that the matter required further study and should preferably be referred to the *ad hoc* Committee established in implementation of Economic and Social Council resolution 851 (XXXII) or to the Technical Assistance Committee.

16. Mr. TELL (Jordan) thanked the sponsors of the draft resolution for taking into account, in their revised text, the views expressed by a number of delegations. The primary purpose of his delegation and the seven co-sponsors in submitting their amendment (A/C.2/L.685/Rev.1) had been to emphasize the need for a balanced policy of decentralization. Since the sponsors of the draft resolution had taken up that idea, his delegation would withdraw the amendment, provided that the other amendments were also withdrawn.

17. Mr. MIYAKAWI (Japan) said that the sponsors of the amendment contained in document A/C.2/L.685/Rev.1 withdrew their proposal on the condition stated by the Jordanian representative in order to facilitate a unanimous decision by the Committee. But it was his delegation's understanding that the "policy of decentralization" stated in General Assembly resolution 1709 (XVI) meant, in the new paragraph 1 of the revised draft, what was stated in the amendment in question, namely, the strengthening of the regional economic commissions while maintaining central functions, including policy guidance and co-ordination, for the purpose of improving the efficiency of the activities of the Organization as a whole. Those three elements were, in fact, clearly stated in paragraph 2 of the Secretary-General's report (E/3643). With regard to the oral amendment to paragraph 4 of the draft proposing to insert the words "to the Economic and Social Council", it seemed advisable to add "at its thirty-sixth session".

18. With those observations, his delegation was prepared to vote in favour of the revised draft resolution, as amended.

19. Mr. CUBILLOS (Chile), speaking on behalf of the sponsors of the five-Power amendments (A/C.2/L.682/Rev.1), congratulated the sponsors of the draft resolution on having included in their revised text the extremely important provision requesting the Secretary-General to submit a detailed report on the stage reached in the implementation of the policy of decentralization.

20. Mr. ARKADYEV (Union of Soviet Socialist Republics) recalled that the USSR amendment had received the support of many delegations. However, since other delegations, whose initial reactions had been equally favourable, had requested time for further thought and study, his delegation was willing to withdraw its amendment provisionally, for possible revival at a later date. He was concerned at the

suggestion that all mention of the executive secretaries should be deleted from paragraph 3 of the draft. In view of the executive secretaries' familiarity with conditions in their respective regions, their opinions were extremely important and their advice would certainly be of value. His delegation was prepared to request a separate vote on that point, to which it attached very great importance.

21. The CHAIRMAN asked the sponsors of the draft resolution whether, in view of the USSR delegation's request for a separate vote, they intended to retain or to delete the words in question.

22. Mr. MALHOTRA (Nepal) said that, in the opinion of the sponsors of the draft resolution, the words in question did not involve a matter of substance; the basic idea they had wished to express was that the executive secretaries should be consulted only through the Secretary-General, to whom they were subordinate. With a view to gaining unanimous support for the resolution, however, the sponsors proposed that the disputed passage should read as follows: "... the views of the Economic and Social Council, and of the regional economic commissions, through the Secretary-General, as well as the measures...".

23. The CHAIRMAN said that in addition to the change indicated by the representative of Nepal, the sponsors had also accepted an oral amendment to paragraph 4 of the draft resolution. The end of that paragraph should therefore read: "... and to submit to the Economic and Social Council at its thirty-sixth session and to the General Assembly at its eighteenth session ...".

The draft resolution (A/C.2/L.653/Rev.2), as amended, was adopted unanimously.

24. Mr. FINGER (United States of America), explaining his vote, said that the regional economic commissions were organs of the United Nations and that communications to the executive secretaries should therefore be sent through the Secretary-General. The policy of decentralization mentioned in paragraph 4 should, of course, be that laid down in the resolutions mentioned in the preamble. It was also important to make it quite clear that the Second Committee's vote expressed its approval of the Secretary-General's work and its desire that he should continue his endeavours. Finally, the "States" mentioned in paragraph 4 could only be States Members of the United Nations. He wished that statement to be included in the summary record.

25. Mr. APPIAH (Ghana) said that there could be no question of consulting the executive secretaries except through the Secretary-General. The policy of decentralization must not in any way imply the disintegration of the structure of the United Nations.

(c) Industrial development and activities of the organs of the United Nations in the field of industrialization (A/C.2/L.658 and Add.1-3, E/3600/Rev.1, E/3656, E/3656/Add.1)

CONSIDERATION OF THE JOINT DRAFT RESOLUTION CONCERNING THE ROLE OF THE UNITED NATIONS IN TRAINING NATIONAL TECHNICAL PERSONNEL FOR THE ACCELERATED INDUSTRIALIZATION OF THE LESS DEVELOPED COUNTRIES (A/C.2/L.658 AND ADD.1-3) (continued)

26. Mrs. PANGALOS (Greece) said that her delegation had listened with great attention to the state-

ments on the training of technical personnel made by the representatives of the specialized agencies concerned. There was no doubt that the scarcity of qualified technical personnel was one of the main obstacles to development. The preparation of studies on the requirements for technical personnel deserved every support, and her delegation would vote in favour of the draft resolution (A/C.2/L.658 and Add.1-3). However, she shared the views expressed by the delegations of the United Kingdom and India and by the representative of the ILO concerning operative paragraph 2; the description of the objectives to be achieved by the report requested was not sufficiently precise, and the Secretary-General ought to be given clearer and more concrete guidance. In addition, it might be useful to insert in paragraph 2 (a) the concept of existing national programmes of development. That indication would help to clarify one of the goals of the report requested. However, that was simply a suggestion.

27. Mr. CHOLLET (France) stressed the importance of trained technicians for industrial development; without them the most modern equipment was completely unusable. For that reason, the acceleration of industrial development presupposed a still greater effort in the training of technicians.

28. France had always considered that a very important question; it should perhaps be recalled that 16,000 French teachers were serving youth abroad and that 12,000 experts had been placed at the disposal of the developing countries. France had tried to provide for the training not only of a narrow "élite" but also of intermediate cadres and technicians. It had also endeavoured to "teach teachers". Lastly, it had been able to adapt its programmes to the particular requirements of each country, sometimes emphasizing the training of higher cadres and sometimes that of intermediate cadres or skilled workers. Moreover, France took in 30,000 foreign students every year, to whom it offered 5,500 scholarships, including 4,000 for technical training alone. One of the purposes of the draft resolution was the preparation of a study of supply and demand in the field of training. In that connexion, it might be desirable, in view of the wide range of possible requirements, to amend the beginning of paragraph 2 (a) to read "an analysis of the most urgent requirements", in order to avoid undue dissipation of effort.

29. Finally, with regard to the co-ordination of activities, which was essential, it should perhaps be pointed out that lack of co-ordination was not always due to a lack of co-ordinating organs but rather to inadequate utilization of existing means. It was therefore important to simplify the proposed methods as far as possible.

30. With those few reservations, his delegation would vote in favour of the draft resolution.

31. Mr. DAVIS (Australia) said that he would vote for the draft resolution. His task had been made easier by the fact that the Indian representative had anticipated, at the preceding meeting, most of the comments which his delegation had intended to make. It had also been helped by the sponsors agreeing to consider some small modifications which his delegation had suggested. However, operative paragraph 2 of the draft could perhaps be revised to make it more precise. The modification which he had suggested had its background in the work of the recent meeting of

the Consultative Committee of the Colombo Plan, held at Melbourne. At that meeting, Australia had emphasized the significant advantage of training intermediate-level technicians within their own region. Some facilities for doing that already existed in South and South-East Asia, and, at the Colombo Plan Conference, it had been suggested that donor countries might contribute to the expansion of those facilities. That proposal had been well received and the United Nations might find merit in placing some emphasis on the value of the regional approach for training intermediate-level technical personnel.

Miss Sellers (Canada), Rapporteur, took the Chair.

32. Mr. ANGARITA (Colombia) said that he had listened with great interest to the statements made at the preceding meeting by the representatives of the ILO, UNESCO and WHO on the programmes of the specialized agencies for the training of technical personnel in the developing countries. Colombia, formerly a backward country, had made great efforts to develop its industry. It had given due weight to the training of technical personnel, which was the basis of all economic development, and had opened vocational training schools and apprenticeship centres. Nevertheless, for all its efforts and despite the assistance it had received from the United Nations, it needed still greater aid.

33. His delegation believed that the draft resolution would help the under-developed countries to obtain the assistance they lacked in so vital a field; it would therefore support the draft resolution unreservedly.

34. Mr. DELGADO (Senegal) said that his country, a young nation, had always attached particular importance to technical and vocational training. The training of cadres was still the most urgent problem facing the under-developed countries, and it therefore constituted an integral part of Senegal's development plan. Two years of experience had already led Senegal to appreciate, thanks to its own efforts, to bilateral aid from France and to assistance from the specialized agencies and the United Nations, the effectiveness of the work undertaken in vocational and technical training. As a result of those various efforts, the "M. Delafosse" technical school had been expanded and several other vocational centres had been established. While fully agreeing in principle that technical training on the spot should be given priority, Senegal was still obliged to send students abroad for higher technical training. His delegation therefore approved of the aims of the draft resolution and, as evidence of its interest, would not only vote in favour of that text but would also become a co-sponsor of the draft.

35. Mr. ARKADYEV (Union of Soviet Socialist Republics) said that his Government fully understood the decisive role of skilled personnel in the process of industrialization and that it had itself given special attention to the training of Soviet technicians from the very first of its economic plans. The Soviet delegation appreciated the efforts made by the various countries and by the United Nations to help the developing countries to train greater numbers of technical personnel and welcomed the draft resolution. The Soviet Union was giving direct assistance to the developing countries and admitted many students from those countries to its technical schools. At the same time, many Soviet instructors were teaching in training schools established in connexion with major

projects being carried out in India and the United Arab Republic, where twelve out of the planned fifteen centres had already begun operations. The Soviet Union had contributed to the opening of various training centres, including one at Rangoon, Burma, for 1,100 students, and one in Afghanistan, which had already trained 6,000 students and was currently being attended by 2,000. It had donated to Cambodia a school for the training of 1,000 students. It had also helped in the establishment of centres in Ghana for 6,000 students and in Guinea for 1,500 students and had donated to Ethiopia a technical school for 1,000 pupils. Those few examples indicated the range of its activity in the field of technical training; accordingly, the Soviet delegation would vote in favour of the draft resolution.

36. Mr. FINGER (United States of America) said he was glad to note that all countries recognized the value of the training of skilled personnel for economic development, a subject which had been particularly emphasized in the statement made by the Head of the United States delegation to the Economic and Social Council on 9 July 1962 (1214th meeting). The activities of the United States in that connexion were well known. Its bilateral programme was the largest in the world. As to multilateral arrangements, it had pledged \$60 million for the Expanded Programme of Technical Assistance and the Special Fund on condition that that contribution did not exceed 40 per cent of the total funds supplied to those two bodies. It had also supported the work of the specialized agencies, including the ILO, UNESCO and FAO. Only recently, from 10 to 12 October 1962, it had held an international conference in Puerto Rico on the training of intermediate-level personnel.

37. He supported the draft resolution but would welcome some minor drafting changes. In the first place, paragraph 1 should be amended because the Committee for Industrial Development did not itself train technical personnel. It would be possible, for example, to ask the United Nations and the specialized agencies to intensify their activities with regard to assisting the developing countries in training national technical personnel and to recommend that the Committee for Industrial Development should give increasing attention to that problem. In the second place, in order to ensure that the preparation of the report referred to in paragraph 2 did not entail abandoning other highly important work, the words "available data concerning" should be inserted after the words "which would include" in the introductory phrase of that paragraph. Lastly, projections, not an analysis, of the requirements for technical personnel should be prepared.

Mr. Lewandowski (Poland) resumed the Chair.

38. Mr. PAREMSKY (Byelorussian Soviet Socialist Republic) observed that the economic expansion of all countries was closely bound up with the training of national personnel, the need for which had been recognized by the General Assembly in its resolution 1515 (XV), by the Economic and Social Council in its resolution 898 (XXXIV) and by the Committee for Industrial Development in its latest report (E/3600/Rev.1). The Byelorussian SSR, whose own experience corroborated the truth of that idea, made provision for personnel training in its development plans. It had increased the number of secondary, technical and higher educational establishments in the country and was admitting many students from Asia, Africa and

Latin America to study science, civil engineering and automobile and tractor production of machine-building. The Byelorussian SSR would continue to make its training facilities available for personnel training but considered that such training should for the most part be given on the spot. Pending the establishment of adequate facilities in the countries concerned, the United Nations should help those countries in training their national technical personnel. His country would therefore support the draft resolution.

39. Mr. APPIAH (Ghana) said he was glad that the draft resolution, of which Ghana was a sponsor, had met with such wide support. The fears expressed by the United Kingdom representative regarding the fourth preambular paragraph seemed unfounded, for the words "whenever possible" made it quite clear that there was no question of supplanting the countries concerned in deciding where the training should take place. More than 3,000 students from Ghana were now attending courses in the United Kingdom, and that movement would continue as long as necessary.

40. On behalf of the sponsors, he thanked all delegations which had made useful suggestions. Those suggestions would be taken into account since the sponsors of the draft resolution intended to submit a revised text.

AGENDA ITEMS 12 AND 34

Report of the Economic and Social Council (chapters I to III, V and VI) (A/5203, A/C.2/L.659 and Add.1-5) (continued)

United Nations Development Decade: report of the Secretary-General (A/5194, A/C.2/L.659 and Add.1-5, E/3613, E/3613/Add.1, E/3613/Add.2 and 3, E/3658, E/3664, E/3674) (continued)

CONSIDERATION OF THE DRAFT RESOLUTION CONCERNING THE WORLD FOOD PROGRAMME (A/C.2/L.659 AND ADD.1-5) (continued)

41. The CHAIRMAN proposed that the list of speakers on the draft resolution (A/C.2/L.659 and Add.1-5) should be closed at 1 p.m. on Monday, 3 December.

It was so decided.

42. Mr. TENNEKON (Ceylon) said that his delegation had joined in sponsoring the draft resolution, just as it had voted at the previous session in favour of General Assembly resolution 1714 (XVI), under which the World Food Programme had been launched. The contemporary paradox of a world where, side by side with countries that lived in plenty and even had surpluses to dispose of, most peoples still went hungry and undernourished must be brought to an end. The World Food Programme would be a contribution to the United Nations Development Decade but must never replace the bilateral or multilateral foreign aid now extended to under-developed countries. The anxiety felt by certain countries which feared that the Programme might change the currents of international trade through an indiscriminate distribution of goods seemed exaggerated, for the Programme was, on the contrary, intended to make possible an orderly distribution of goods, i.e., a distribution which would take into account both the recipient countries' requirements and the need to avoid injuring the countries which lived by exporting those goods. He thanked the thirty-eight countries which had already pledged contributions; it was to be hoped that the other countries would follow their

example so that the objective of \$100 million might be quickly reached.

AGENDA ITEM 35

Economic development of under-developed countries (A/5220) (continued):

(b) Establishment of a United Nations capital development fund: report of the Committee established under General Assembly resolution 1521 (XV) (A/C.2/L.660, E/3654)

CONSIDERATION OF THE JOINT DRAFT RESOLUTION (A/C.2/L.660)

43. Mr. CVOROVIC (Yugoslavia), introducing the draft resolution (A/C.2/L.660) on behalf of the thirty-seven sponsors, said that he would not go through the proposal in detail because the idea of establishing a United Nations capital development fund was among those which had received closest study, and also because the draft resolution proposed no new action that might prove controversial but merely suggested that the preparatory work already in progress should continue so that the fund might come into operation as soon as possible.

44. As everyone knew, the United Nations had been examining the question almost from the time of its foundation, for the first proposals on the subject had been made at the third session of the Sub-Commission on Economic Development in March 1949. Since then, the General Assembly had adopted no less than twelve resolutions relating wholly or in part to the establishment of a special fund from which under-developed countries would receive grants and low-interest, long-term loans. The sponsors had therefore decided to draw attention in the first preambular paragraph to all the resolutions adopted by the General Assembly, either unanimously or by an overwhelming majority, over the past eleven years.

45. After a series of detailed studies effected through inquiries and questionnaires, the General Assembly, in its resolution 1521 (XV), had decided in principle that a United Nations capital development fund should be established and had set up a twenty-five-member committee to consider all concrete preparatory measures, including draft legislation, necessary to the establishment of such a fund. The Committee on a United Nations Capital Development Fund was to be congratulated on its second report (E/3654), although, unfortunately, some industrialized countries were still standing out against the unanimous wish of the developing countries and against the execution of the Assembly's decisions. If it was sincerely desired that the specific plan of the United Nations Development Decade should be put into effect and that the gap dividing the industrialized from the developing countries should be filled, 2 per cent seemed a quite inadequate proportion of international economic assistance to be channelled through the United Nations. The United Nations needed some machinery, even if on a modest scale, through which it could exercise a favourable influence on international financing operations.

46. All the arguments for and against SUNFED were known, and there was no need to go over them again. One of the first steps that should be taken to make the Decade a reality was to establish a United Nations capital development fund immediately. Since a decision to that effect had already been adopted in principle, the question of whether such a fund was needed

or not no longer arose; the problem was how to set it up as quickly as possible.

47. The sponsors of the draft resolution had felt that some slight progress had been made in the matter through the preparation of the draft legislation (statute). They realized, however, that the proceedings of the Committee on a United Nations Capital Development Fund had not developed as they should have because a number of economically advanced countries among its members had refused to take part in its work. Consequently, the sponsors were not proposing that the General Assembly should adopt the statute. They hoped that the economically advanced countries would try to reconsider their position so as to meet the unanimous wish of the developing countries, and they proposed, in operative paragraph 3, that the General Assembly should endorse the appeal made by the Economic and Social Council to the economically advanced countries in its resolution 921 (XXXIV); they further proposed that the Secretary-General should ask the Governments of Member States for their opinions on the draft statute, so that countries which were not members of the Committee on a United Nations Capital Development Fund or which, although members of the Committee, had been unable for various reasons to take an active part in its work might make their views known before the text was finally adopted by the General Assembly.

48. Needless to say, the work entrusted to that Committee had not been completed in all respects. The sponsors therefore proposed, in paragraph 4, that its mandate should be extended for a year and, in paragraph 5, enumerated the tasks it had still to perform. The explanation of sub-paragraph (a) was that the general requirements of international financing were well known and that the Decade would make it necessary to strengthen the role of the United Nations in that connexion, as emphasized by the Conference on the Problems of Economic Development, held at Cairo, in article 49 of its declaration (A/5162). In sub-paragraph (b), the Committee on a United Nations Capital Development Fund was instructed to propose practical measures designed to ensure the beginning of the operation of the fund, taking into account the possibility envisaged in section III of General Assembly resolution 1219 (XII) and in its resolution 1240 C (XIII); but it was left to that Committee itself to determine exactly how that possibility might be realized.

49. In drafting their proposal, the sponsors had paid due regard to all differences, and even shades of difference, in attitude between the various delegations, so as to facilitate the Second Committee's task and enable it to adopt the draft resolution without lengthy discussion and—it was to be hoped—unanimously.

50. Mr. KANO (Nigeria) said he did not believe that the proposal to establish a capital development fund should meet with the same sad fate as SUNFED, since the fund would be an effective response to present economic needs. Since there was increasing recognition that the gap in levels of living between the highly industrialized and the developing nations had to be bridged, which had led to the proclamation of the United Nations Development Decade, there was a common ground between the developing countries, which eagerly desired the establishment of a United Nations capital development fund and the highly de-

veloped countries, which were not fired with that enthusiasm. In other words, unanimous agreement had been reached on the desired objective, and differences lay only in the ways and means of attaining them.

51. The opponents of a capital development fund were against any proliferation of multilateral financial institutions and maintained that those already in existence were adequate to accelerate assistance to the developing countries; they added that, in any case, some of the major capital-exporting countries were already doing all they could to provide financial assistance and would not be in a position to contribute to a new agency. But careful examination of existing multilateral institutions revealed that not one of them met exactly the needs that could be satisfied by a United Nations capital development fund with a statute as drafted in document E/3654. The International Bank, for instance, charged a rate of interest of 1 3/4 per cent more than it paid to raise its funds. The International Development Association, whose policy was most closely associated with the needs of the poor countries, did not have sufficient resources to offer loans on favourable terms. The report of the Secretary-General entitled The Capital Development Needs of the Less Developed Countries (A/AC.102/5) was therefore right in stressing that it was in order to raise the share of grants and "soft" loans in the total economic aid, that the General Assembly had acted in the matter of a United Nations capital development fund. Moreover, in reply to the second objection, it was not difficult to demonstrate that, if the will existed, the capital-exporting countries could increase their financial assistance to the developing countries. In fact, their total contributions had not yet attained the figure of 1 per cent of the combined national incomes of the advanced countries fixed by the General Assembly.

52. It was also disturbing that only 10 per cent of the assistance was multilateral, while 90 per cent was the outcome of purely bilateral arrangements; however, the establishment of a United Nations capital development fund would restore the desired balance. Bilateral aid, of course, was not in itself a bad thing, but unfortunately it was very often granted for political, ideological or military reasons. Furthermore, the servicing of bilateral assistance could be prohibitive for the shaky economies of the less developed countries. If the obligation to pay interest and dividends made it necessary for the developing countries to adjust their imports and in particular to reduce imports of strategic capital goods, their pace of economic development would in the long run be adversely affected.

53. According to the data for forty-nine Member States, the ratio of investment-servicing payments to export earnings had risen from 9.4 per cent to 11.6 per cent from 1951 to 1959. Moreover, it should be remembered that a large part of the inflow of foreign capital into the less developed countries left those countries again in the form of dividends. Lastly, the disadvantages of bilateral aid could not be lessened by an increase in exports of primary commodities in order to earn foreign exchange, because of the unfavourable trend in commodity prices. The role of multilateral aid therefore had to be strengthened along the lines contemplated in the draft statute for a United Nations capital development fund.

54. The sponsors of the draft resolution believed that the proposed text would not be controversial and hoped that the Committee would adopt it unanimously.

55. Mr. LUBBERS (Netherlands) said that the principle of establishing a United Nations capital development fund was generally accepted but that there remained the questions of when it should be established, how much money it should have and how it was to be fitted into the existing United Nations framework. The first question had become a matter of urgency, for preparatory steps had been taken over a period of ten years. However, ill-founded illusions should be guarded against. In view of the existing international climate, the establishment of a United Nations capital development fund was not a simple matter. His delegation nevertheless felt that the establishment of the fund was a task for the Development Decade and that it could be accomplished if the sense of its urgency was maintained.

56. How much money should go into the fund was no less complex a question. That was why the sponsors had stressed, in paragraph 5 (a) of the draft resolution, the necessity for further study of the need for international financing. At the same time, it should not be believed that the advanced countries would immediately be able to furnish large sums for international development financing in addition to the amounts already in their budgets. In order to increase public expenditure, the Governments of both the developed and under-developed countries depended on the willingness of their taxpayers, and to bring about a change in that readiness was necessarily a slow process. His delegation remained convinced that the success of the Decade would depend in large measure upon action taken by advanced countries in the fields

of trade and assistance; however, it was aware of the time which would have to elapse for a determination to be translated into action.

57. The views of the Netherlands Government on the manner of organizing a United Nations capital development fund were well known. In its opinion, the best solution would be to expand the mandate of the Special Fund. In fact, that solution had been acknowledged by the General Assembly in its resolution 1219 (XII), and was incorporated in part C of resolution 1240 (XIII) founding the Special Fund. The sponsors of the draft resolution, in commending the Committee on a United Nations Capital Development Fund for formulating the draft statute of the fund, nevertheless clearly implied that that statute was not the only possible answer to the third question he had raised. It was, in fact, open to improvement. Moreover, the problem of "the desirability of devising an arrangement for inter-governmental control and for voting such as to inspire the confidence of all members of the United Nations capital development fund, in accordance with the purposes and principles of the Charter of the United Nations" (General Assembly resolution 1706 (XVI)) was still unsolved. That was an essential point, because the fund could not succeed unless all the countries concerned, developed and under-developed alike, joined in a common effort. The separation of countries into different groups, and attempts by some to impose their will on others by means of voting power or financial strength, had to be avoided. Since the main purpose of the draft resolution was to promote true international co-operation, it merited the unanimous approval of the Second Committee.

The meeting rose at 7 p.m.