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CONTENTS

	Page
<i>Agenda item 36:</i>	
<i>Question of holding an international conference on trade problems (continued)</i>	
<i>Consideration of draft resolutions (continued)</i>	173

Chairman: Mr. Bohdan LEWANDOWSKI
(Poland).

AGENDA ITEM 36

Question of holding an international conference on trade problems (A/5221, A/C.2/214, A/C.2/L.645, A/C.2/L.648 and Add.1-4, E/3631 and Add.1-4) (continued)

CONSIDERATION OF DRAFT RESOLUTIONS (A/C.2/L.645, A/C.2/L.648 AND ADD.1-4) (continued)

1. The CHAIRMAN recalled that the Committee had before it two draft resolutions: one submitted by the USSR (A/C.2/L.645) and the other by twenty-eight Powers (A/C.2/L.648 and Add.1-4). Brazil, Iraq and Lebanon had submitted amendments (A/C.2/L.651) to the latter and to those amendments Burma had submitted sub-amendments (A/C.2/L.656).

2. U MAUNG MAUNG (Burma) explained that the aim of the Burmese sub-amendments was to ensure that the resolutions adopted by the United Nations Conference on Trade and Development were translated into practical action. In preparing the draft agenda of the Conference, the Economic and Social Council and the Preparatory Committee should consider, among the measures for expanding international trade, the advisability of establishing a United Nations agency for international trade. By setting up such a body, the Conference would have at its disposal machinery for implementing its decisions and maintaining continuity.

3. Mr. KITTANI (Iraq), on behalf of the sponsors of the three-Power amendments (A/C.2/L.651), accepted those sub-amendments. During the general debate, he had already explained (808th meeting) his country's attitude to the question of holding a world trade conference. He had urged that that conference should consider the establishment of an international forum where the trade problems of the less developed countries would be examined and had expressed doubts about the ability of GATT to perform that function. If existing international trade organizations could not be improved, consideration should be given to the advisability of establishing a new agency.

4. Mr. BOIKO (Ukrainian Soviet Socialist Republic) supported the USSR draft resolution (A/C.2/L.645). It recommended that one of the main problems to be discussed by the international conference on trade

problems should be the establishment of an international trade organization. Such an organization could concern itself with trade relationships among all countries. As long ago as 18 February 1946, the Economic and Social Council had adopted resolution 13 (I) calling for the establishment of an international trade organization as a specialized agency of the United Nations. Unfortunately, it had never materialized. Instead, the General Agreement on Tariffs and Trade had been concluded; but GATT was confined to certain industrialized countries of the West who were not interested in the problems of either the socialist countries or the under-developed countries.

5. During the general debate, numerous representatives had expressed fears about the European Common Market. Not only was the European Economic Community discriminatory towards third countries but also it was seeking to perpetuate the neo-colonialist policy of holding the associated countries in economic subservience. The elimination of such discrimination in foreign trade was the second topic proposed in the USSR draft resolution for discussion by the international conference.

6. Obviously, the under-developed countries could not improve their economic position unless there was a stable and fair relationship between the prices of raw materials and those of manufactured goods. In other words, there was a vital link between their trade and their economic development. If the terms of trade could be improved in their favour, they could obtain resources for their development far in excess of those they now received in the form of foreign aid. That was the third problem which, according to the USSR draft, the projected conference should tackle.

7. He could not agree with the assessment made by the representative of Japan (806th meeting) concerning GATT. When Japan's membership in GATT had been under discussion, the Japanese representative had told a different story. In fact, the arguments put forward in favour of GATT had been unconvincing. The formation of an economic community by the Western European countries was clear evidence that they found GATT inadequate.

8. The international conference must be properly prepared, but it must not be long delayed; it must be held in 1963. The General Assembly should recommend to the Economic and Social Council that the membership of the Preparatory Committee should be expanded. There was no reason why it should be limited to the eighteen members of the Council.

9. Mr. TOMEH (Syria) said that his delegation supported wholeheartedly both the twenty-eight-Power draft resolution and the Burmese sub-amendments. A conference alone would not suffice to deal with the problems of international trade and consideration

should therefore be given to the establishment of a United Nations agency to deal with them on a continuing basis. The existing trade agencies were too limited in scope and the activities of some of them were not altogether in the general interest of the under-developed countries.

10. His delegation proposed that the words "difficulties in their trade relations arising from", in the second of the three-Power amendments (A/C.2/L.651), should be replaced by the words "the development of trade relations among countries with...".

11. Mr. HAKIM (Lebanon) confirmed his own delegation's acceptance of the Burmese sub-amendments (A/C.2/L.656). The sponsors of the amendments (A/C.2/L.651) were pleased to accept the Syrian representative's oral amendment as it clarified their own intention.

12. Mr. LARA IRAETA (Costa Rica) saw no basic contradiction between the two draft resolutions under consideration, but he preferred the text of the twenty-eight Powers as it was somewhat broader in scope and made more specific reference to the problems facing the developing countries.

13. The proposal to hold a United Nations Conference on Trade and Development should receive the support of both the developed and the developing countries in view of their close economic interdependence. The need for solidarity between those two groups had frequently been recognized, but action taken to further their mutual interests had been limited. The Conference could remedy that situation and devise an improved system of international trade to the benefit of all countries.

14. His delegation attached particular importance to operative paragraph 4 (b) and (c) of the draft resolution of the twenty-eight Powers. Certain agreements had already been concluded to stabilize the prices of certain primary commodities, but there was a need to consider the whole range of primary commodities, the prices of which were declining generally. The need for agreement on commodity prices was not only economic but also political. The industrialized countries tended merely to add the increases in their labour costs to the price of the goods they manufactured from imported raw materials, which had the effect of making the countries producing the latter subsidize better conditions for the workers of the developed nations. Such a situation was politically and economically inequitable. The Preparatory Committee should consider that point when drawing up the agenda for the Conference.

15. Mr. FRANZI (Italy) said that he shared the Indonesian representative's view that the question of convening an international conference on trade problems was the most important question on the Committee's agenda. He reserved his position on the Soviet Union draft resolution for he hoped that the USSR delegation would accept the suggestion made to it not to insist on the study of its own text and that it would thus leave the initiative in that matter to the developing countries.

16. His delegation could accept many of the paragraphs of the twenty-eight-Power draft resolution. However, as a member of the European Economic Community, to which he believed the ninth preambular paragraph of that draft resolution quite directly referred, Italy proposed that that paragraph be re-

worded so as to rally wider support in the Committee. Assuming the paragraph to be directed at the European Common Market, his delegation had the delegations of the five other member countries of EEC could not join in expressing the apprehension mentioned in the paragraph. If, as he believed, the aim of the sponsors was to have included in the agenda of the United Nations Conference on Trade and Development consideration of the repercussions of regional economic groupings on international trade, that could be achieved by adopting a wording more likely to be accepted by all countries. His delegation had no objection to the consideration of such an item by the Conference, but it did oppose any prejudgement of the matter by its inclusion in the agenda worded in such a way that EEC would stand accused.

17. A more acceptable wording, arrived at after thorough discussion and unanimously adopted by the Economic and Social Council, was that contained in the eighth preambular paragraph of Council resolution 917 (XXXIV), a resolution which, it was worth noting, the Council had adopted after it had had before it the Cairo Declaration of Developing Countries (A/5162). He was able to state that the delegations of the other member countries of EEC supported his suggestion that the ninth preambular paragraph of the draft resolution should be replaced by the wording adopted by the Council. Acceptance of that suggestion would serve to facilitate unanimous adoption of the draft resolution.

18. The problem of the preparatory work for and the agenda of the Conference had already been considered by the Council and his delegation hoped that its conclusions, as set forth in resolution 917 (XXXIV), would be modified as little as possible. If the Conference was to be merely a forum for the exchange of views, little preparation would be necessary and the Conference could even be held in June 1963; if on the other hand, it was to lead to practical results, to constructive measures and to engagements on the part of the participating countries, the most careful preparation would be necessary. In the latter case, the Committee should first decide what items to include in its agenda and then, and only then, how to organize the preparatory work. For adequate preparation, it was essential that the Committee should know when the regional economic commissions and the specialized agencies would be in a position to offer their co-operation to the Secretary-General. Those bodies should therefore be asked to make known their views on that point as soon as possible. The Brazilian representative had said, at the preceding meeting, that ample documentation existed on the various aspects of international trade. But his own delegation was of the opinion that that documentation required careful preliminary selection and that it did not as yet contain data on the precise subjects on which the regional economic commissions, the specialized agencies and the Secretariat could furnish the specific information necessary for preparing the Conference's agenda and terms of reference or establishing its objectives.

19. Mr. TODOROV (Bulgaria) said that it was apparent that the major question before the Committee at the current session was that of international trade and that it was high time that the United Nations should concern itself with its various aspects. Those who had hitherto prevented the United Nations from expressing itself on foreign trade problems were now

using specious arguments to delay the convening of a conference on trade and development, despite the fact that it was the manifest will of the majority that it should be held as soon as possible. His delegation had always been in favour of holding a conference. At the thirteenth session of the General Assembly, his delegation had presented a draft resolution on the promotion of international trade and the development of less developed countries.^{1/} At the fourteenth session, it had sponsored, together with Poland and Czechoslovakia, a draft resolution on the development of the world market and the improvement of the trade conditions of the less developed countries.^{2/} The problems with which the conference should deal had been known to Governments for many years and had been discussed in the General Assembly, the regional economic commissions and other United Nations bodies, and the current session had afforded delegations a good opportunity to make suggestions to facilitate the preparatory work.

20. In his delegation's view, therefore, the Preparatory Committee referred to in Council resolution 917 (XXXIV) could meet in 1962 or early in 1963; the Council could also discuss the matter at its resumed thirty-fourth or at its thirty-fifth session and an adequately prepared conference could be convened in June 1963. The conference should avoid overloading its agenda with general problems of economic development and should concentrate on the most basic and urgent problems connected with the development of international trade, with special emphasis on the elimination of trade barriers. It should seek to eliminate the obstacles which the cold war placed in the way of world trade and to normalize international trade; that would be of special benefit to the developing countries and would help their speedy economic development. In order to achieve fruitful results, the conference should examine the consequences of discrimination, of any kind, followed by some countries, especially the cartel-type restrictions imposed on trade by the European Economic Community. He then cited a statement of Prime Minister Nehru of India to the effect that the European Common Market could become a means of control over the developing countries that would be greater than that exercised when those countries were colonies; he also cited a statement of Mr. Kwame Nkrumah, President of the Republic of Ghana, to the effect that the European Common Market was a threat to the political and economic independence of the developing countries.

21. It was of particular importance to establish an international trade organization, not only because there already existed many international organizations in fields of lesser significance, but also because such an organization could do much to normalize trade and help the under-developed countries overcome their economic backwardness. A universal, general international trade organization could adopt a more comprehensive and systematic approach to dynamic trade problems, only some of which were now being studied and those only one-sidedly. It could also co-ordinate the activities of all existing trade organizations and thus increase trade in general. Periodic trade conferences, which some had in mind, were not easy to prepare and would

deal primarily with questions of the moment. A permanent organization, based on universality of membership, on the other hand, would have all the advantages of a series of conferences and would, in addition, make it possible to study the most urgent and basic problems of international trade. It could also usefully discuss the need to modify existing organizations in order to establish a more coherent system and could help in planning and developing international trade in the light of long-term requirements. It should implement on a permanent basis the decisions of the conference.

22. The proposal that GATT might be adapted to fulfil that function was not satisfactory. GATT adopted a negative attitude towards the special needs of the developing countries and concerned itself primarily with the interests of the developed countries. As the Brazilian representative had said, although GATT had undergone some minor alterations, it remained the trading agency of the developed countries and reflected United States ideas on the world trading system.

23. His delegation therefore felt that a universal trade organization, which could tackle all questions of international exchanges on a continuing basis and adopt practical measures for their solution, was urgently required. The Soviet Union draft resolution contained an adequate and clear expression of that view and his delegation would therefore support it.

Mr. Allana (Pakistan), Vice-Chairman, took the Chair.

24. Mr. KLUTZNICK (United States of America) said that, if the Soviet Union maintained its draft resolution, his delegation would have to take issue with much of its substance. It felt, however, that the Committee should concentrate its attention on the twenty-eight-Power draft resolution, because it was obvious that there could be only one trade conference and that draft offered a constructive and generally acceptable solution.

25. The twenty-eight-Power draft resolution had taken carefully into account the previous history of the question of convening a trade conference and endorsed the unanimous decision of the Economic and Social Council contained in resolution 917 (XXXIV), which, incidentally, had been initially submitted by four developing countries: Brazil, Ethiopia, India and Yugoslavia. Moreover, it dealt with the substance of the problem faced by the developing countries and for that reason alone his Government would attend such a conference.

26. The amendments submitted (A/C.2/L.651), as further amended by the delegations of Burma and Syria, would alter the basic purpose of the United Nations Conference on Trade and Development, as contemplated in Council resolution 917 (XXXIV), because the emphasis would shift from specific measures to help the under-developed countries to the establishment of an international trade organization, a question with a history of fifteen years of unpromising discussion. His delegation was therefore strongly opposed to the insertion of that amendment. Its apprehensions had been confirmed by the Bulgarian statement, which had given the impression that an international trade organization might provide a magic formula for the solution of difficult problems; the solution of such problems called for more than mere oratory or machinery.

^{1/} Official Records of the General Assembly, Thirteenth Session, Annexes, agenda item 12, document A/4054 and Add.1, para. 58.

^{2/} Ibid., Fourteenth Session, Annexes, agenda items 30 and 12, document A/4321, paras. 16 and 17.

27. The problems of trade and development were very complex and required adequate preparation and expert negotiation. The remedies did not lie within the exclusive province of the developing countries; they required understanding and willingness on the part of the major trading countries to discuss and implement them. A forum which was prepared to offer only weak resolutions and general observations could have little practical effect. The time and energy expended on the preparation of the United Nations Coffee Conference had greatly contributed to its success. The problems of trade did not always resolve themselves into differences between developing and developed states; there were underlying currents and historic differences within those broad groups. To pass casually over such aspects of the matter would be to diminish the importance of the United Nations Conference on Trade and Development. That Conference afforded a major opportunity for solving many of the problems of trade and development and its success should not be jeopardized by undue haste.

28. The Committee should not treat lightly the unanimous conclusions of the Economic and Social Council. Although all delegations had agreed that the Conference should be held no later than 1964, the Council, believing that unanimity was necessary, had left the date open, subject to considerations bearing on the agenda, preparation, conference schedules, prior commitments of Governments and the other obligations of the United Nations and interested international agencies.

29. Having studied those considerations, his Government found it difficult to believe that a conference

held in June 1963 could be effective. The Conference would be a milestone and should not be imperilled by disagreements concerning a difference of only a few months. The Committee should not establish a schedule so rigid that it might impair the Conference's effectiveness or make some delegations feel that the real objective of the Conference was further discussion rather than practical action.

30. His delegation believed that the size recommended by the Council for the Preparatory Committee was sound and fair. A committee of thirty members would be unwieldy, but his delegation would not oppose any reasonable increase so long as developing and trading nations as well as geographical areas were fairly represented.

31. His delegation urged that the Conference should be well prepared and should not be allowed to become either a political symbol or a source of discord. As the Brazilian delegation had said, the mere consolidation of the existing voluminous documentation and the elimination of duplication would greatly facilitate the work of the participants. An ill-prepared, hastily convened conference might mean that many Governments would be unprepared or poorly represented.

32. The Conference offered an extraordinary opportunity which should be grasped. His delegation, which had loyally supported the Council's decisions, would play its full part in a common effort to achieve a sound and unanimous agreement.

The meeting rose at 1 p.m.