

United Nations GENERAL ASSEMBLY

SEVENTEENTH SESSION

Official Records



**SECOND COMMITTEE, 860th
MEETING**

Tuesday, 4 December 1962,
at 3.15 p.m.

NEW YORK

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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. ANJARIA (India) explained that throughout the discussion of item 39, his delegation had maintained the view that the draft resolution submitted by the Commission on Permanent Sovereignty over Natural Resources (A/C.2/L.654 and Corr.1) represented a delicate balance which should not be upset. Since the United Kingdom and United States amendments (A/C.2/L.686/Rev.3) tended to preserve that balance, particularly with the incorporation of the Algerian amendment (A/C.2/L.691), his delegation had voted in favour of them. It had, however, abstained on certain other amendments which were not unacceptable in themselves, but which tended to over-stress certain points. It had voted in favour of the resolution as a whole because it restated the principle of sovereignty over natural resources while at the same time indicating the rights and obligations of

capital recipients and investors. His delegation had abstained in the vote on the amendments concerning the reconstitution of the Commission (A/C.2/L.696) because it was unable to form an opinion on the timing of that proposal or the terms of reference of the new body. At the same time, it was not opposed to the continuing study of the problem by the United Nations Secretariat.

2. Mr. BRILLANTES (Philippines) said that the draft resolution was a noble attempt by the United Nations to focus attention on the importance of co-operation to promote economic development and on the need to strengthen permanent sovereignty over natural resources. Since the Philippines was a member of the Commission on Permanent Sovereignty over Natural Resources, its delegation had abstained in the vote on the amendment proposing that the Commission should be reconstituted. The rejection of the fourth amendment of Burma and the Sudan (A/C.2/L.696) did not mean that the work of the United Nations in that connexion would cease. Indeed, one of the new preambular paragraphs included in the draft resolution at the suggestion of those two Powers expressed the desirability of continuing it. He hoped that the Committee's report would stress that point.

3. Mr. CHOCRON (Venezuela) said that the basic principle of Venezuela's sovereignty over its own natural resources was fully set forth in article 106 of its Constitution. Furthermore, the representative of Chile had referred to Venezuela's policy in that respect in his statement of 12 November 1962 (834th meeting). Venezuela had voted against the second, fifth, sixth, seventh and eighth amendments of the Soviet Union (A/C.2/L.670), not because they were bad in themselves, but because they were confusing and irrelevant. Venezuela could have voted in favour of the eighth Soviet Union amendment if the word "independent" had been omitted. He had abstained in the vote on the first amendment of Burma and the Sudan because it did not add very much to the text; he had abstained on the second amendment because its inclusion might have encouraged the introduction of further amendments which would have radically altered the text adopted by the Commission; finally, he had voted against the fourth amendment because it destroyed the spirit of the original text. He had voted in favour of the first United Kingdom and United States amendment (A/C.2/L.686/Rev.3) but interpreted the second and third two-Power amendments strictly in accordance with article 127 of the Venezuelan Constitution.

4. Mr. TOMEH (Syria) explained that his delegation had abstained in the vote on the draft resolution as a whole, not because it disagreed with its basic principles, but because it had wanted a better text. The version finally adopted contained many loopholes, mainly because its legal, political and economic implications had not been adequately discussed. For

that reason, the Syrian delegation had submitted a sub-amendment (A/C.2/L.698), which had been rejected by a narrow majority.

5. Mr. YAKER (Algeria) said that the draft resolution which had been adopted was an important declaration in that it recognized the basic rights of the States to exploit their natural resources, the paramountcy of national jurisdiction over them, the need for further study of the matter by the United Nations and the importance of international co-operation under equitable conditions. His delegation had supported the amendments designed to reaffirm those principles. In particular, Algeria had supported the Burmese and Sudanese amendments, especially the proposal to reconstitute the Commission on Permanent Sovereignty over Natural Resources. He had voted in favour of the first two amendments of the United Kingdom and the United States. He had also supported all the Soviet Union amendments, except the proposal to eliminate paragraph 3 of the draft. Finally, he had voted in favour of the Mauritanian amendment (A/C.2/L.690), as well as the Argentinian and Peruvian amendment (A/C.2/L.700).

6. Mr. MALHOTRA (Nepal) said that his delegation had hoped that the draft resolution submitted by the Commission would be adopted unchanged. Unfortunately, that had proved impossible. Nor had the Second Committee been able to reach a compromise between the various conflicting viewpoints. His Government believed in mutual co-operation between public and private capital used for the purposes of economic and social development. Nepal had a mixed economy and did not discriminate against foreign capital or enterprise. It accepted the principle of fair compensation in the case of expropriation or nationalization. The draft resolution should have been restricted to the formulation of the principle of inalienable and permanent sovereignty of States over their national resources and the general principles governing the payment of appropriate compensation in accordance with national legislation. His delegation realized that the main concern of the draft resolution should have been permanent sovereignty over natural resources but that it had also been concerned with safeguarding the interests of private foreign capital. The important thing, therefore, was to maintain a balance between the two points of view. His delegation had voted in favour of those amendments which preserved that balance and had abstained on those amendments which tended to overstress a particular viewpoint or repeat ideas already embodied in the original draft.

7. Mr. AYARI (Tunisia) said that his delegation had supported the draft resolution as a whole but did not think it was better than the original text. His delegation wanted the United Nations to continue its study of the subject and had therefore voted in favour of the fourth Burmese and Sudanese amendment. It had also voted in favour of nearly all the Soviet Union amendments. His delegation had abstained in the vote on the second amendment of the United Kingdom and the United States because the Second Committee should refrain from deciding on matters of national jurisdiction. That problem depended on individual circumstances and required further study. Although the basic principles set forth in the draft resolution were acceptable to Tunisia, the text should still be reviewed and improved.

8. Mr. ARKADYEV (Union of Soviet Socialist Republics) regretted that the Committee had not adopted all of the Soviet Union amendments or the amendment of Burma and the Sudan proposing to reconstitute the Commission on Permanent Sovereignty over Natural Resources. His delegation had abstained in the vote on the draft resolution as a whole. He did not agree that the draft resolution had been adopted with undue haste or that the members of the Committee had been unable to make a clear decision. It was incorrect to describe the draft resolution as a kind of charter laying down rules for foreign investment. The draft resolution was concerned solely with the rights of peoples and their sovereignty over their natural resources.

9. Mr. FARHADI (Afghanistan) said that his delegation had voted for the draft resolution—which it considered an historic document—in full consciousness of the fact that the text represented a compromise between different views. The draft resolution had important ideological, political and economic aspects; it contained a declaration of important human rights, especially those mentioned in paragraph 1, which were also set forth in article 1—already adopted by the Third Committee—of the draft convention on civil and political rights and the draft convention on economic, social and cultural rights.^{1/} Afghanistan, which was a member of the Committee on Permanent Sovereignty over Natural Resources, supported part of the amendment of Burma and the Sudan and considered that work on the subject should be continued. The Secretary-General should continue his efforts in that connexion and the General Assembly might reconstitute the Commission so that the different aspects of the matter could be given further study and attempts made to improve the text of the draft resolution adopted. There were also legal aspects involved in the draft resolution and the International Law Commission had already agreed to give priority to its work on the codification of the topic of the responsibility of States.

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) (concluded)*

10. Mr. PARSONS (Australia) said he supported the draft resolution (A/C.2/L.659 and Add.1-5) and appealed for further efforts to meet the target of \$100 million. There were many projects concerned with the disposal of food surpluses, but the World Food Programme was the first to receive wide support. It would represent the first multilateral effort to solve the problem of increasing food surpluses in some countries and malnutrition in others.

11. Mr. ALBEDA (Netherlands) said that his delegation attached considerable importance to the World

^{1/} See A/C.3/L.978.

*Resumed from the 856th meeting.

Food Programme and whole-heartedly supported the draft resolution. At the United Nations/FAO World Food Programme Conference, the Secretary-General had said that the Programme introduced a new element into the concept of multilateral aid and would be an important source of international assistance for the economic and social development of the developing countries. The Secretary-General had also said that the solution to the problem of hunger in the less developed countries lay in the self-sustaining growth of their economies. The World Food Programme represented rapid and efficient progress towards the goals of the United Nations Development Decade.

12. Mr. CARANICAS (Greece) said that the World Food Programme was a co-operative effort to solve the problem of hunger and improve the use of world food supplies and an important step towards the achievement of the objectives of the Development Decade. Food aid was not a substitute for other kinds of assistance. It should be remembered that the Programme was being established on a purely experimental basis and its continuation would depend on the result of studies to be made and on the experience gained over three years. The United Nations and FAO would jointly undertake pilot projects on the use of food in economic development. The Director-General of FAO was contemplating general projects on migration and settlement in new areas. Such projects, which would be extremely useful, would make it possible to supply food to the new areas until the settlers were able to produce enough for their needs. Studies should also be made of the use of compound feeds for livestock.

13. The Programme would concentrate on three main sectors: emergency aid, pre-school and school feeding, and the promotion of economic and social development. The first was the most important and the United Nations/FAO Inter-Governmental Committee had decided that, in the first year of operation of the Programme, 25 per cent of the commodities contributed would be set aside for emergencies, including the establishment of food reserves. Since speed was essential in emergencies, the reserves should be situated in places from which they could easily be shipped. There should therefore be co-operation with other international agencies. Other international and private agencies were already concerned with pre-school and school feeding and, in that connexion, the Programme should merely examine the merits of different foods and diets. For the promotion of economic and social development, co-operation and co-ordination would be very important. That should be accomplished mainly through the resident representatives who would act as agents for the Programme and negotiate with Governments, specialized agencies and other bodies. The size of the Programme would preclude the provision of bulk supplies of food, and the Programme should therefore concentrate on projects to promote agricultural production in the developing countries. It was important that food aid should not discourage local agricultural production or jeopardize the traditional exports of third countries. The projects should therefore cover new ground. Despite its possible disadvantages, the system of projects would, in the long run, be helpful to the developing countries and enable them to use all their available funds for the implementation of their national programmes of economic development.

14. The cash component of pledges to the Programme seemed too small, since the Inter-Governmental Committee had specified that cash contributions should amount to one third of the total pledges. On the other hand, pledges of commodities did not include sufficient amounts of rice, for which there would be great demand in the projects. His delegation strongly supported the Programme, which should pave the way for further efforts to alleviate hunger in the future.

15. Mr. AMIRMOKRI (Iran) said that he was confident that the Programme would be a success and have far-reaching consequences in the fight against hunger. The Programme would try to remedy the imbalance between supply and demand and promote economic and social development. The co-operation established under the Programme should be lasting. His delegation agreed with the view expressed by the Secretary-General in his report entitled The United Nations Development Decade: Proposals for Action (E/3613, page 44) to the effect that part of the growing demand for food could be covered by commercial imports, so that the markets for exporting countries would be broadened, thus aiding the world economy as a whole.

16. The CHAIRMAN put to the vote the draft resolution on the World Food Programme (A/C.2/L.659 and Add.1-5).

The draft resolution was adopted by 57 votes to none, with 8 abstentions.

17. Mr. CHRISTIANSEN (Norway) said that the World Food Programme represented a new and important initiative in international aid and would help to achieve the objectives of the Development Decade. He pointed out that the use of pledges of shipping services might violate one of the fundamental principles of the Programme, which was to give due consideration to safeguarding normal commercial practice in respect of essential services. Norway would allow half its cash contribution to the Programme to be used for the purchase of shipping services on a strictly non-discriminatory basis, on condition that no part of those funds was used to purchase facilities from countries which had tied their contributions to the use of their own shipping services. Norway shared the hope expressed by the Inter-Governmental Committee that countries would convert their pledges of shipping services into cash pledges, which could be used to purchase shipping services in the open market in accordance with normal commercial practice.

18. Mrs. WRIGHT (Denmark) associated her delegation with all the reservations and views expressed by the representative of Norway.

19. Mr. BREITENSTEIN (Finland) welcomed the adoption of the draft resolution on the World Food Programme. He endorsed the views expressed by the representative of Norway; shipping facilities should be acquired in the open market in accordance with normal commercial practice and, for that reason, Finland had not pledged any shipping services.

20. Mr. MALM (Sweden) agreed with the three preceding speakers. His delegation supported the Programme and hoped that the target of \$100 million would be reached as soon as possible.

21. Mr. DAVIES (United Kingdom) said that the Programme was a valuable experiment in economic and social development. The United Kingdom had made a

total contribution of \$5 million and hoped that further contributions from other countries would be forthcoming so that the target of \$100 million could be achieved.

22. Mr. EL BANNA (United Arab Republic) said that the use of food surpluses to promote economic and social development was an important aspect of international aid. Increases in population and in the demand for food forced countries to spend considerable sums on importing food. In addition, funds which could have been invested in development were spent on stabilizing food prices. The World Food Programme would help the developing countries to carry out their development programmes and the contributing countries to rationalize their commercial and agricultural policies. His delegation supported the Programme and hoped that it would be extended beyond the initial three years.

23. Mr. BUTTI (Iraq) expressed his delegation's support of the Programme.

24. Mr. YAKER (Algeria) said that the Programme was an international co-operative effort to meet emergency needs and to promote economic and social development. Algeria was grateful for the emergency aid it had received under the Programme, which it whole-heartedly supported.

25. Mr. DJENGUE N'DOUMBE (Cameroon), Mr. DELGADO (Senegal), Mr. GOLSALA (Chad), Mr. SUMNER (Sierra Leone), Mr. VELAZQUEZ (Panama) and Mr. MURGIAN (Somalia) said that they had not been present during the vote on the draft resolution and asked the Secretariat to record their support of it.

26. The CHAIRMAN said that that would be done.

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) (continued)*

27. Mr. EL BANNA (United Arab Republic) said that the considerable number of resolutions mentioned in the first preambular paragraph of the draft resolution (A/C.2/L.660) was proof of the interest which many countries had shown for more than a decade in the establishment of a United Nations capital development fund. His delegation supported the draft statute proposed in the report of the Committee on a United Nations Capital Development Fund (E/3654), on the understanding that it provided for equality of voting rights and in the hope that some of the major potential contributors to the fund would reconsider their position with regard to its establishment. The channelling of development capital through the United Nations would be a genuinely co-operative undertaking. All nations could contribute to the fund in so far as they were able to do so and all countries in need of aid could receive it from the fund.

28. Such a fund would not compete with the existing institutions providing economic aid. Its action would complement that taken under other international,

regional or bilateral arrangements. Both quantitatively and qualitatively, it would fill an existing gap. Extension of the mandate of the Committee on a United Nations Capital Development Fund appeared desirable, in view of the experience that Committee had gained.

29. Mr. EASTMAN (Liberia) said that his delegation would vote in favour of the draft resolution. His Government believed that the principles of solidarity and equality upon which the United Nations was founded called for the establishment of a capital development fund. The International Bank had done useful work, but neither it nor the other activities designed to promote economic development, such as the Expanded Programme of Technical Assistance, had proved sufficient to meet the growing needs of the developing countries. It was desirable, however, to establish lending machinery which would not be governed primarily by the profit motive and which could assist the developing countries in accelerating their economic development through the financing of non-self-liquidating projects. The primary need of the developing countries was to strengthen their infra-structure and the present flow of foreign capital was not adequate for that purpose. The resources which could be provided through a capital development fund, by strengthening the infra-structure of the weaker economies, would provide the capital-exporting nations with greater opportunities for profitable investment.

30. Mr. KIBRIA (Pakistan) said that his Government was concerned at the negative attitude certain countries had shown towards the establishment of the fund. The participation of those countries in the fund was vital to the success of the United Nations Development Decade. His delegation recognized the right of the Governments which had shown disinterest in the fund to take that position, but considered their attitude unjustified and their arguments unsound. They had suggested that the existing institutions permitted an adequate flow of foreign capital to the developing nations, but the widening gap between the developed and the developing countries showed that more positive action was needed. His own country, like many others in a similar position, found that the shortage of foreign exchange was the greatest single obstacle to economic advancement.

31. The existing international lending and aid institutions were designed for specific purposes and they did not adequately meet all the present needs. Since the establishment of a capital development fund was such a vital necessity, his delegation had not given up hope that the project might become a reality. It appealed to the developed countries to lend their support and hoped, in particular, that they would bear in mind the resources which could be released for development purposes if general and complete disarmament was achieved. He hoped that the draft resolution would be adopted unanimously.

32. Mr. ARKADYEV (Union of Soviet Socialist Republics) said that, although the transformation of the Special Fund into a United Nations fund for economic development had long been proposed, no action had been taken on the proposal and there still appeared to be no intention of making that change. His own delegation's position was well known and had not altered. It endorsed the proposal to establish an international capital development fund, contributions to which would be regarded as the property of the

*Resumed from the 856th meeting.

contributors and which would make loans at low or no interest. It did not favour an institution designed merely to make grants in the name of the Special Fund. Contributions to such a fund should be payable in national currencies or even in kind. It supported the objectives of the draft resolution and emphasized that the blame for the failure to establish it would not rest with his Government.

33. Mr. SUMNER (Sierra Leone) said that the cold war had delayed the urgently needed establishment of a capital development fund. Many of the newly independent countries like his own had ambitious development programmes designed to raise the living levels of their populations. The recurring costs of such plans could be met out of local resources, but those resources could meet only a part of the capital cost and external financing was therefore necessary. The loans and other aid which his country had received from abroad were greatly appreciated, but it was clear that a United Nations capital development fund should be established in view of the need for it which was felt throughout the world. His delegation whole-heartedly supported the draft resolution.

34. Mr. TOMEH (Syria) said that his delegation was glad to note that developed countries such as Denmark, the Netherlands and Sweden were among the sponsors of the draft resolution. It was regrettable that, notwithstanding the numerous resolutions adopted on the subject of the capital development fund, many of the highly developed countries remained opposed to the idea. It was certainly necessary to look at the question from the point of view of those countries, but, as Paul G. Hoffman, Managing Director of the Special Fund had pointed out, in his book entitled *World Without Want*, it was "good business" to help in promoting the economic development of the less developed nations. The establishment of a United Nations capital development fund would not serve the interests of the developing countries alone.

35. His delegation approved the substance of the draft resolution but wished to suggest certain textual changes. Operative paragraph 5 (c) would be better placed at the beginning of the paragraph. The words "taking into account" in sub-paragraph (b) should be replaced by the words "with special emphasis on". The words "shall transmit it" in operative paragraph 6 should follow the words "together with its comments,".

36. Mr. KOCHUBEI (Ukrainian Soviet Socialist Republic) said that his delegation had always supported the proposal to establish a capital development fund in view of the obvious need for such an institution, a need which was felt particularly by the new developing nations. Most of the existing institutions providing development capital allocated funds only on terms which many nations could not accept. The long-term development needs of the less developed countries could not adequately be met by agencies whose operations were based on the profit motive or by private investment capital which normally sought short-term gains. Such resources could serve only as a useful supplement to those that should be provided on a truly international basis by a capital development fund. The present United Nations agencies had the defect of not providing for contributions by all nations. His delegation supported the draft resolution, although it had some reservations regarding certain provisions of the draft legislation referred to in operative paragraph 1.

37. Mr. RAIMONDI (Argentina) said that the formulation of the draft statute of the capital development fund was an important further step towards the establishment of an institution sorely needed by the developing countries in particular.

38. His delegation was not committed to any particular form of organization for the fund and it had some sympathy for the idea of simply expanding the role of the Special Fund. Bearing in mind the generally recognized need to increase the flow of foreign capital to the developing countries, the draft resolution could be regarded as very modest in its terms. It was clear that there was a considerable volume of investment capital available in the highly developed countries, and the achievement of disarmament would greatly expand those resources. The need for such investment capital had always been felt in the developing nations, and that need had increased with the attainment of independence. The United Nations appeared to be the most appropriate machinery for channelling foreign capital aid, in view of the experience which it had gained in the operation of the Expanded Programme of Technical Assistance and the Special Fund.

39. The least the Committee could do was to persevere in the efforts already made to establish machinery for which there was a pressing need, and the draft resolution served that objective. To the extent that they clarified the purpose of the draft resolution, his delegation was prepared to give favourable consideration to the amendments suggested orally by the Syrian representative. He hoped that the draft resolution would be adopted unanimously.

40. Mr. DARJAATMAKA (Indonesia) said that his Government had welcomed the determination of the United Nations to establish a capital development fund and its decision to establish a committee to formulate an appropriate statute (General Assembly resolution 1521 (XV)). The capital requirements of the developing nations had been growing, yet the efforts to satisfy them had been piecemeal and inadequate. Even the developed countries had shown signs of appreciating the need for a different approach to the problem and his delegation had hoped that some positive action would be taken. The failure of such action to materialize and the failure of a number of developed countries to support the work of the Committee on a United Nations Capital Development Fund had been a great disappointment. The proclamation of the United Nations Development Decade had made the establishment of a United Nations capital development fund essential. The existing institutions used the outmoded procedure of restricted voting power. Any new body which was set up should apply the principle of complete equality of the participants.

41. With the establishment of the Special Fund, the United Nations had entered into the highly necessary field of pre-investment. However, no adequate arrangements had been made for the Organization to take the further step of providing capital on an international basis to meet long-term development needs. The failure to fill that gap was tantamount to failure fully to implement the Charter of the United Nations.

42. The draft resolution attempted to bridge that gap in the United Nations programme, to meet the need for development capital and to strengthen the role of the United Nations in development. Its adoption would be a step towards the establishment of a United

Nations investment agency, whether in the form of an expanded Special Fund or in the form of a capital development fund. He appealed to the highly developed countries to reconsider their position. Since 90 per cent of the current total volume of assistance was furnished bilaterally and only 10 per cent was channelled through the United Nations, it could hardly be said that the Organization was fulfilling its functions under the Charter, nor could the Development Decade truly be called a United Nations endeavour. The objectives of the Development Decade could not be achieved unless all joined efforts under the auspices of the United Nations to solve the problem of the economic development of the under-developed countries. The early establishment of a capital development fund could inaugurate a new era of international economic co-operation.

43. Mr. STEPHENS (Jamaica) said that the under-developed countries were aware that financial institutions designed to meet their requirements for adequate external capital existed and that a proliferation of such institutions might lead to a dissipation of the limited capital resources available. They were also aware, however, that the existing financial institutions, except for the International Development Association, did not adequately meet their needs and that some of their basic ideas would have to be altered before they could do so. It was clear that any further borrowing by those countries would have severe repercussions on their economies and would hamper their economic development; there was therefore an acute need for the kind of development funds provided by IDA, and the success of the Development Decade would largely depend on an increase in the resources of that agency.

44. There was no real conceptual difference between IDA and the proposed capital development fund; if the former had greater resources, there would be no demand for the latter, which in any case was likely to remain an idle dream without the support of the industrially developed countries. He hoped that the draft resolution would be adopted unanimously.

45. Mr. HARRINGTON (Canada) said that, in the interval between the original proposal for the establishment of SUNFED and the submission of a draft statute by the Committee on a United Nations Capital Development Fund (E/3654), significant developments had taken place in connexion with technical assistance which cast serious doubt on the need for another agency at the present time. In that period, there had been substantial increases in the assistance made available to the developing countries and much greater use had been made of the United Nations and its agencies. In particular, there had been a substantial growth in the resources of the Expanded Programme of Technical Assistance, and the Special Fund had been established to provide pre-investment assistance and IDA to provide "soft loans". His Government had therefore concluded that there was no need for the time being to establish a new lending agency, which might waste scarce resources of money, personnel and technical capacity by competing directly with the existing bodies. What was needed was not a new institution but new resources and new ideas for using them as effectively as possible. Moreover, a capital development fund could not be set up unless the major capital-exporting countries were willing to support it; yet they had not changed their attitude in the past two years.

46. While Canada was not a net capital exporter, it was a major contributor to multilateral and bilateral assistance programmes and could not in honesty vote for the statute of a fund for which no resources seemed to be forthcoming. Canada had become a member of the Committee on a United Nations Capital Development Fund on the express understanding that the Committee's terms of reference were not limited to preparing draft legislation but also included the consideration of existing machinery for technical and capital assistance. In accepting membership, it had explained that since it could not agree to the need for a new agency, it would not participate in the drafting of its statute. Canada maintained that reservation, which influenced its approach to the draft resolution.

47. The sponsors of the draft resolution were to be commended for their attempt to deal with a highly controversial subject in as uncontroversial a manner as possible. That draft could, however, be improved from a technical point of view. He therefore suggested, first, that, to avoid a suggestion of permanence, the words "on an *ad hoc* basis for one year only" should be added to the end of operative paragraph 4. Secondly, since the two functions of the Committee were to study the need for international financing and to propose practical measures to launch the fund, operative paragraph 5 should reflect that dual function and thus consist of only two subparagraphs, namely, (a) and another consolidating sub-paragraphs (b), (c) and (d). Thirdly, he suggested that the words "studying the need for international financing" in paragraph 5 (a) should be replaced by the words "evaluating the impact of existing international institutions in fulfilling the needs for international financing". Fourthly, paragraph 2 should also request Member States to comment on the need for international financing. Fifthly, in view of the long-standing reservations of the capital-exporting countries, the word "ensure" in paragraph 5 (b) should be replaced by the word "facilitate".

48. Mr. CHRISTIANSEN (Norway) said that his Government favoured the establishment of a capital development fund under the auspices of the United Nations. The main issue was whether United Nations economic and technical assistance to the developing countries should continue to be limited to social infra-structure and pre-investment activities or whether it should be expanded to include the financing of capital investment, including the economic infra-structure. In the former case, the role which the United Nations should play in international efforts to develop the less developed areas of the world would be restricted. It would be fully in keeping with the general objectives of the Development Decade to equip the United Nations with the means of following up its technical assistance and pre-investment activities. Moreover, the overwhelming majority of the developing countries favoured such a measure as a means of increasing the flow of capital on terms suited to their needs.

49. With regard to paragraph 5 (b), which was the core of the draft resolution, his Government had long favoured a functional approach to the question of expanding United Nations activities into capital investment financing. That goal could be achieved step by step by broadening the scope of existing programmes and institutions; in other words, when the

functions of the United Nations had reached a certain magnitude, their organizational framework could be reconsidered. For example, some of the functions of the Expanded Programme of Technical Assistance and the Special Fund might be merged. The expansion of the activities of the Special Fund would thus be a first step towards the major goal, the establishment of a United Nations capital development fund. The extent to which the Special Fund should enter the field of capital investment would, of course, depend on the financial resources available to it. A decision in principle to enable the Special Fund to undertake capital financing might help to increase the resources Governments were willing to commit to it. Therefore, as an initial step, it might be useful to authorize the Special Fund to provide capital financing for projects which it had already undertaken as part of its pre-investment activity and for which no other source of funds was readily available. Such an approach might overcome some of the objections made to the capital development fund.

50. Clearly, the flow of foreign capital and economic assistance had not been commensurate with the needs of the developing countries. The great responsibilities assigned to the United Nations in the matter of economic development constituted a strong argument for widening its range to include the most vital and important sector of the economic development process.

51. Mr. FARHADI (Afghanistan) said that the sponsors of the draft resolution accepted the Syrian representative's suggestions, with the exception of the third, pertaining to paragraph 6, which they hoped he would not press. They were, however, unable to accept the Canadian representative's suggestions, some of which involved points of substance, because they had been made too late for detailed consideration. The suggestion relating to paragraph 4 was already implicit in the draft resolution. If the need arose, the extension of the mandate of the committee charged with dealing with a United Nations capital development fund would certainly be proposed at the 18th session.

52. Mr. TOMEH (Syria) withdrew his third suggestion.

53. The CHAIRMAN asked the Committee to vote on the draft resolution (A/C.2/L.660), as orally amended by the Syrian representative. At the request of the United States representative, he put to a separate vote operative paragraph 3 and paragraph 5 (b).

Operative paragraph 3 was adopted by 68 votes to 4, with 8 abstentions.

Operative paragraph 5 (b), as amended, was adopted by 69 votes to 4, with 6 abstentions.

54. The CHAIRMAN put to the vote the draft resolution (A/C.2/L.660) as a whole, as amended.

At the request of the Salvadorian representative, a vote was taken by roll-call.

Pakistan, having been drawn by lot by the Chairman, was called upon to vote first.

In favour: Pakistan, Panama, Peru, Philippines, Poland, Romania, Saudi Arabia, Sierra Leone, Sudan, Sweden, Syria, Tanganyika, Thailand, Togo, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, Venezuela, Yugoslavia, Afghanistan, Algeria, Argentina, Austria, Brazil, Bulgaria, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Costa Rica, Cuba, Cyprus, Czechoslovakia, Denmark, Ecuador, El Salvador, Ethiopia, Federation of Malaya, Finland, Ghana, Greece, Guinea, Hungary, India, Indonesia, Iran, Iraq, Israel, Italy, Jamaica, Jordan, Laos, Lebanon, Liberia, Libya, Madagascar, Mali, Mauritania, Mexico, Mongolia, Morocco, Nepal, Netherlands, Nigeria, Norway.

Against: None.

Abstaining: United Kingdom of Great Britain and Northern Ireland, United States of America, Australia, Belgium, Canada, France, Ireland, Japan, New Zealand.

The draft resolution, as a whole, as amended, was adopted by 71 votes to none, with 9 abstentions.^{2/}

The meeting rose at 7.10 p.m.

^{2/} The representative of Senegal subsequently declared that if he had been present, he would have voted for the draft resolution.