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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)

1. Mr. ARKADYEV (Union of Soviet Socialist Republics) introduced the draft resolution proposed by his country (A/C.2/L.645) on the question of holding an international conference on trade problems.

2. Everyone realized that international trade played a particularly important part in contemporary society: it was partly by that means that the international division of labour operated, and it was international trade which determined relations between countries with different political and economic systems. If trade was carried on in an unfriendly and biased atmosphere, it sowed discord; if it was carried on normally, it drew peoples together and strengthened peace. The part it played in the economic situation of each country was no less important. As a result of their political, economic and social differences, nations were obliged to sell various goods to each other and therefore to depend on their trade with foreign countries to a greater or lesser extent, according to the stage of economic development which they had reached. Many representatives had rightly stressed that point and the memorandum submitted by the Brazilian delegation (A/C.2/214) was particularly interesting in that respect.

3. The international situation was evolving constantly. Many countries were obliged to modify their commercial policies and practices in order to adapt themselves to changes in the world market or to play a new role. The under-developed countries, for example, wanted to escape from the colonial system which had been imposed upon them, and, so as to strengthen their independence and further their economy, they were increasingly heavy buyers of equipment for their incipient industries or for the mechanization of their agriculture. The socialist countries, for their part, made regular progress, sheltered

from crises, from fierce competition between private companies and from the waste of energy which bankruptcies and unemployment represented. Although foreign capital had once made Russia a mere agricultural appendage of the industrial countries of the West, the Soviet Union had been able to break out of that narrow framework and now manufactured machinery and equipment. It was a stable market, constantly expanding thanks most of all to the execution of its majestic development plan. Another determining factor to consider was the fierce competition between the capitalist monopolies and their attempts to impose their will everywhere so as to establish as the rule what was merely an inequitable commercial phenomenon. There was a keen preoccupation with the inequitable terms of trade and sale conditions between under-developed and industrial countries and with the decline in primary commodity prices accompanied by the constant increase in the prices of manufactured goods.

4. Since there was now general agreement on the need to take steps to normalize international trade, the holding of the international conference proposed by the Soviet Union for that purpose was particularly opportune. There were some who wanted that conference to deal with the problems of both trade and development. The Soviet Union considered it more logical first of all to hold a conference on trade which could, moreover, deal with a certain number of economic problems or with some of the trade aspects of economic development. As its task would be lighter, it could more easily be held in 1963. The experience gained in the solution of the fundamental problem of trade, i.e. the establishment of equitable prices as between primary commodities and manufactured goods, would be very useful if later it was desired to hold a special conference on the whole problem of the economic development of the under-developed countries. Such a conference would require detailed preparation, for it would involve the study of problems of industrialization and the financing of development.

5. The first preambular paragraph of the draft resolution began by referring to two essential principles, namely that trade should be equitable and mutually advantageous: only if it was could the pressures and exploitation which increased the wealth of some and the poverty of others be avoided and the elements of hostility, which prevented nations from living together as good neighbours, be eliminated. The remainder of the paragraph was simply an enumeration of easily verifiable facts: it was undeniable that the development of trade helped to increase demand and thus production and employment and was consequently one of the factors which made it possible to raise living standards. Since an expansion of trade would benefit all nations, for even the developed countries depended on the stability of their orders, the second preambular paragraph was aimed

at eliminating the discriminatory practices, embargos and preferential tariffs which hampered the development of trade and were especially harmful to the under-developed countries, as had been pointed out in the Cairo Declaration of Developing Countries (A/5162) and in the memorandum of the Brazilian delegation (A/C.2/214). That provision was particularly important in view of the present tendency to strengthen those artificial barriers, as evidenced by the formation of groups like the European Economic Community.

6. In enumerating in operative paragraph 1 the questions to be studied at the conference, the Soviet Union gave first place to the establishment of an international trade organization. It did so not out of a stubborn insistence on a measure which was particularly close to its heart, but because it was prompted by the objective realization that restricted bodies like GATT, which, moreover, had no link with the United Nations, were no longer sufficient in the world today. Since all the attempts made to confine trade problems within too narrow a framework had been detrimental to the development of international trade, the best course was to plan rational measures collectively and then apply them vigorously. The proposed organization would follow the development of international trade, prepare documents and studies and propose measures, taking into account the needs and aspirations of the different countries. The Soviet Union did not propose its immediate establishment, but simply asked that the question should be put on the agenda of the conference and therefore studied during the preparatory work. That idea, shared incidentally by other delegations, such as the delegation of Brazil, was prompted essentially by the need to establish a body founded on a basis which was sound and acceptable to all. Admittedly, its statute could only include some of the provisions of the Havana Charter or of the basic texts of GATT. The draft resolution, however, did not prejudge either the details of organization or even the question of the future functions of the envisaged institution. The time had not yet come to discuss practical details; what the Committee had to do was to give an initial impulse sufficient for the Preparatory Committee to put forward precise recommendations to the conference. Since the very absence of an international organization bore witness to the predominance of conservative elements in the world today, a decision by the conference would in itself change the atmosphere and contribute to the normalization of trade.

7. Operative paragraph 2 specified that the conference should be universal in character. It was impossible not to take into account the States not members of the United Nations, which accounted for one quarter of the world's population; without them, the normalization of trade could not be seriously considered. Among the States which should therefore be invited were the People's Republic of China, Switzerland, the Federal Republic of Germany, the German Democratic Republic, the Democratic People's Republic of Korea, the Republic of Korea, the Democratic Republic of Viet-Nam, the Republic of Viet-Nam, Borneo, Sarawak, Brunei, Singapore, British Guiana, British Honduras, the West Indies, Basutoland, Bechuanaland, the Rhodesias, Gambia, Angola, South West Africa, Kenya, Nyasaland and Zanzibar. All these countries and territories, some of which were associate members of the regional economic commissions, played a large

part in world trade and they should be given the opportunity of participating fully in the future international organization of trade.

8. Operative paragraph 3 had been formulated in general terms which could be amplified later; among the experts envisaged, it would be necessary to include representatives of the three groups into which the countries of the world were divided, taking into account the principle of equitable geographical distribution.

9. The adoption and implementation of the draft resolution would mark a new stage in the work, so far too restricted, of the United Nations. It would make it possible to throw light on many problems and to act in the interests of all the countries of the world.

10. Mr. MARAMIS (Indonesia) introduced, on behalf of its twenty-eight sponsors, the draft resolution concerning the United Nations Conference on Trade and Development (A/C.2/L.648 and Add.1-4). The action which the Committee would take in that regard would, in his view, be the most important decision of the session, for, if the developing countries were to attain the modest objectives of the United Nations Development Decade and their more ambitious goal of self-sustained economic growth, their trading position, upon which the financing of development largely depended, must be substantially strengthened.

11. The first two preambular paragraphs referred to General Assembly resolution 1707 (XVI) and Economic and Social Council resolution 917 (XXXIV). The United Nations had long been concerned with trade problems, but the numerous resolutions adopted over the last decade in an attempt to minimize the excessive fluctuations in the prices of primary commodities had done little more than to focus world attention on the problems of international trade. The adoption of resolutions 1707 (XVI) by the Assembly and 917 (XXXIV) by the Council marked a significant change of approach. The Council's decision to convene a United Nations Conference on Trade and Development provided an opportunity for the international community to examine the entire range of trade problems which the developing countries had to face and to define their solutions on a world-wide basis. The idea that trade problems were directly related to the problem of economic development was also reflected in the programme proposed for the Development Decade and was clearly expressed in the Cairo Declaration. That fundamental relationship between trade and development formed the background of the draft resolution.

12. The subsequent preambular paragraphs outlined concisely the complex problems confronting the developing countries, whose situation was far from satisfactory. The prevailing pattern of trade served to counteract the efforts they were making to reach a stage of self-sustaining growth. The terms of trade of the developing countries, among which it was necessary to include those countries whose economy depended upon the export of a relatively limited range of primary commodities, continued to deteriorate, reducing their import capacity and seriously hampering their development programmes. Their situation was further aggravated by excessive fluctuations in the prices of primary commodities. Moreover, their access to export markets was limited by trade barriers

and discriminatory practices on the part of industrialized countries. The regional economic groupings of the industrialized countries were liable to widen the existing gap if they pursued their restrictive policies. There was no objection to those groupings as such, for they represented an inevitable historical process leading towards a genuine unity of the world economy. Apprehensions were felt rather in regard to the restrictive policies tending to establish closed and privileged blocs. Solutions to those problems must be found in order to narrow the gap between the rich and the poor countries. As the tenth preambular paragraph indicated, a new and more appropriate pattern of international trade required adaptation of the existing institutions for international co-operation in the field of trade.

13. Swift and positive action on a universal scale was imperative for the solution of those urgent problems; that was borne out by the overwhelming support for the convening of an international trade conference elicited by the queries of the Secretary-General. The sponsors of the draft resolution commended the Economic and Social Council for its wisdom in deciding to convene that conference under the auspices of the United Nations, which was the body best suited to lead the search for a comprehensive solution to the problems of trade and development. Operative paragraph 1 endorsed the decision of the Economic and Social Council.

14. Resolution 917 (XXXIV) of the Council did not, however, reflect the urgency of the need for concerted international action to solve the problems of the developing countries. Not only was their trading position rapidly worsening, but the significant changes in the trading pattern of the industrialized countries was bound to have a profound effect on the entire international trading system, including the trade pattern of the developing countries. Those changes would determine whether the developing countries would have access to larger markets and thus be able to diversify their exports, or whether they would have to contend with further restrictions. It would seem logical that such radical changes should be decided on the basis of the vital interests of the developing countries, but so far they had had no say in the matter. The United Nations Conference on Trade and Development would give them the opportunity of being heard. It was essential that the Conference should be convened as early as possible, while the developing countries still had the possibility of making their views known. That was the context in which operative paragraph 2 (a) should be considered.

15. The sponsors of the draft resolution recognized that adequate preparation was necessary for the Conference; the membership of the Preparatory Committee should, however, be enlarged in order to ensure adequate representation of the developing countries, with due regard to equitable geographical distribution. Paragraph 2 (b) would serve that purpose. It was, moreover, understood that the members of that committee would be experts in international trade and development problems.

16. Paragraph 2 (c) contained a recommendation that the Preparatory Committee should be convened in January 1963. That would appear to be a reasonable date, in view of the fact that the documentation which that committee would require already existed on all the subjects with which the Conference would deal and would simply have to be brought up to date and pre-

sented to the Preparatory Committee in a suitable form.

17. The secretary-general chosen for the Conference, mentioned in paragraph 3, should be an eminent personality, thoroughly experienced scientifically and practically in the problems of trade and development and held in high esteem by the industrialized and developing countries alike.

18. The General Assembly would have to provide the Preparatory Committee with specific guidelines, an essential element in enabling it to define and limit the scope of the Conference's discussion. Operative paragraph 4 provided for a practical approach to the various problems; since the aim of the Conference would be to study international trade as the primary instrument of economic development, all the topics suggested for inclusion in the agenda were designed to achieve that goal.

19. First and foremost, the developing countries must increase their exports of primary commodities, semi-manufactures and manufactured goods in order to ensure the rapid expansion of the export earnings they required for their development. The Conference should consider measures for increasing trade between the advanced and the developing countries and among the developing countries themselves, and should look into the matter of the diversification of exports. Such trade expansion would require the liberalization of international trade policies, as stated in paragraph 4 (c), without which the industrialization and diversification of the economies of the developing countries would be useless. In that respect also, the Conference could be of assistance in re-evaluating development aid as an instrument for the promotion of international trade; those were complementary aspects of the general problem of development. The measures advocated in paragraph 4 (b) were equally vital to development. As regards paragraph 4 (d), it was not for the sponsors to determine whether it would involve a reappraisal of existing institutions or more radical action; their sole concern was that the matter should be discussed objectively.

20. The problems of the developing countries could be solved only through the international community which, under the leadership of the United Nations, must work out a system of economic and commercial co-operation based on the equality of all nations; that was the purpose of the draft resolution. On behalf of the twenty-eight sponsors, he urged the Committee to approve the draft resolution unanimously.

21. Mr. ALLANA (Pakistan), referring to the twenty-eight Power draft resolution of which his country was a sponsor, noted with satisfaction that, during the general debate, practically all the members of the Committee had supported the principle of holding an international conference on trade and development and none had opposed it.

22. Only two resolutions had been submitted, one by the USSR and the other by twenty-eight developing countries. The two drafts differed on certain points. The first provided, in operative paragraph 1, for the convening in 1963 of an international conference on trade problems, without specifying a date. The sponsors of the second hoped that the conference could be convened by June 1963. On the questions which the conference should consider there was a fundamental difference of opinion. The Soviet Union delegation

wished the conference to consider the establishment of an international trade organization. The Pakistan delegation could not support that suggestion. The twenty-eight Power draft made no mention of any such organization. The substance of the two remaining substantive paragraphs of the USSR draft resolution was to be found, in a different form, in the other draft, which dealt with the same questions in a more precise and detailed manner.

23. The sponsors of the twenty-eight Power draft hoped that it would be possible for the Committee to adopt it unanimously, for the very fact that only two draft resolutions existed showed that the differences of views concerned mere matters of detail or emphasis. His delegation was ready to consider any reasonable amendment, but could not yield on points which it held to be of capital importance, and a compromise would therefore be difficult. The United Nations Development Decade would never be more than a mere declaration of intentions if the problem of the deteriorating terms of trade of the developing countries was not dealt with urgently and most thoroughly. Among the developing countries it was necessary to include those whose economy depended upon the export of a narrow range of primary commodities; Australia and New Zealand could be cited as examples of countries fitting that definition.

24. The problem of short-term fluctuations and the long-term decrease in the export earnings of the developing countries offered an opportunity for the United Nations to take positive collective action. The time had come for the international community to exert an influence on the trends of trade and reduce the advantage enjoyed by the industrial countries over the developing countries producing primary commodities.

25. Only one amendment had so far been submitted, by Brazil, Iraq and Lebanon (A/C.2/L.651). It deserved thorough study. In not calling for the establishment of a permanent international trade organization, it displayed a fundamental difference from the view of the USSR. He hoped that the Soviet Union representative could see his way at a later stage of the discussion to withdraw his amendment so that the Committee could adopt unanimously the other proposal, submitted by so many delegations. It contained nothing extraordinary. It differed from General Assembly resolution 1707 (XVI) only in going further and proposing practical measures for the convening of the preparatory committee and the international trade conference.

26. The Pakistan delegation also attached great importance to the Cairo Declaration of Developing Countries, which also recommended the convening of a trade conference.

27. In regard to the present machinery for the development of international trade and the protection of the interests of the under-developed countries, the twenty-eight-Power draft resolution left wide scope for existing institutions such as GATT. The tenth preambular paragraph recommended adaptation of the institutional framework for international co-operation in the field of trade, and its operative subparagraph 4 (d) showed how the existing machinery could be adapted to present conditions by increasing the efficiency of institutions like GATT and making accession to them easier for new countries. That point of view was shared by the Brazilian delegation,

which stressed, in its memorandum, that there was overlapping and redundancy in the work of United Nations bodies.

28. Certain parts of the draft resolution could be applied to the international economic groupings, the members of which might find it difficult to support the draft. The same could, however, be said of General Assembly resolution 1707 (XVI); no delegation ought therefore to be afraid that the draft resolution went further.

29. Another possible objection related to the dates for convening the Preparatory Committee and the Conference itself, in January and June 1963 respectively. Those dates had been proposed after much thought and were the nub of the draft resolution. The question of the development of the under-developed countries was urgent. Moreover, care had been taken not to overload the agenda of the Preparatory Committee, and there already existed a vast quantity of documentary material on many of the points mentioned in preambular paragraph 4. The Preparatory Committee and the Conference should therefore be able to meet on the suggested dates.

30. The Pakistan delegation considered the enlargement of the Preparatory Committee from eighteen to thirty members necessary. It did not think eighteen members, as in the Economic and Social Council, were any longer enough to give equitable geographical representation to the present 110 Member States of the United Nations.

31. The draft resolution was the fruit of ten years' work. It had, in fact, been in 1952 that the question of financing the economic development of the under-developed countries by fixing just and fair commodity prices had been discussed seriously and that General Assembly resolution 623 (VII) had been adopted. Talking of decades, the decade 1952-1962 could be called that of the good international trade resolutions. Those, however, had done nothing practical to restore the balance of international trade. The new decade ought to be one of concrete measures.

32. The Pakistan delegation was well aware that the work of the Preparatory Committee and the Conference could not succeed without the wholehearted co-operation of the developed countries, which had a certain moral responsibility. The under-developed countries hoped that the developed countries would play a decisive part in their interests. He did not believe that the draft resolution could arouse serious objection, and asked the Committee to adopt it unanimously.

33. Mr. KANO (Nigeria) emphasized the importance of the forthcoming United Nations Conference on Trade and Development in establishing international relations based on co-operation rather than on unhealthy rivalry. The Nigerian Government attached the greatest importance to an early improvement of the world commodity market. That problem, which had been the sole theme of the deliberations of the Economic Commission for Africa in 1962, had also held the whole attention of the Committee because it had not merely regional but also universal significance. Nigeria could pay for the manufactures it imported only with the earnings from the export of its tropical products, which made up 70 per cent of its exports. Those products encountered fierce competition in the world market; and, in addition, technological progress had produced substitutes. The African countries, which

in 1960-1961 had produced, to cite two examples, 74 per cent of the world's supply of cocoa and 91 per cent of its supply of palm kernels, would derive the greatest advantage from a steady demand for those products at equitable prices. Price fluctuations, and the additional problem of guaranteed markets for some countries, were a serious barrier to the progress of developing countries.

34. Nigeria therefore supported the convening of the Conference at the earliest possible date and the enlargement of the Preparatory Committee to give an adequate representation of the developing countries. The preparation for the Conference was not an insuperable task, for a copious supply of documentary material already existed. He hoped that the twenty-eight Power draft resolution, of which his country was a co-sponsor, would be adopted unanimously.

35. Mr. ALMEIDA (Brazil) said that his delegation regarded the United Nations Conference on Trade and Development as the most important item in the Committee's agenda. Indeed, the United Nations had itself acknowledged that the present situation and the trends of international trade were far from advantageous to the great majority of States Members, especially the under-developed countries, for whom trade was a vital necessity. The Committee had already laid the foundations of its diagnosis and prognosis; it must now prescribe the treatment for the institutional disease of international trade, not only by devising new principles, but also by reorganizing the structure of trade. Its members recommended that the draft resolutions should be judged by the standard of ends and means.

36. The USSR draft resolution had the merit of simplicity and conciseness, but its operative part was too synthetic. In fact, it did not go so far as might justly have been expected from the Soviet representative's speech. It did not mention the trade problems peculiar to the under-developed countries, or the obstacles to the development of their exports of industrial products which were raised by the closed markets of the member countries of GATT and COMECON. Moreover, the recommendations to be made to the Preparatory Committee on each of the items for the agenda of the Conference ought to be more explicit. Again, though it was true that the Soviet draft resolution provided that the question of setting up an international trade organization should be examined, nevertheless the existing institutions should not be left out. The Brazilian delegation, for its part, desired to examine the possibility of incorporating into a large body those that already existed, so as not to lose all the fruits of the considerable body of experience of various types of trade. Brazil could have proposed amendments to the USSR draft resolution, but the twenty-eight Power text seemed to fulfil the purpose better, since it went more fully into the different aspects of the problem.

37. The Brazilian delegation considered the preamble of that draft resolution particularly well-balanced and explicit. In regard to its operative sub-paragraph 2 (a), care should be taken not to convene the Conference without proper preparation, and to study more thoroughly the scope of the preparatory work which would need to be done on the essential problems, for example, the principles of a non-discriminatory regulation of the growing trade between the under-developed countries and the countries in which trade was directed by the State. The secretary-general of the Conference ought to have wide experience of international organizations and of the problems of the under-developed countries, and theoretical and practical knowledge of international and regional trade. In preparing documents for the Conference, he would have to take care to remove the copious repetitions from the studies already available, especially on commodities.

38. Explaining the amendments presented by his delegation, and by the delegations of Iraq and Lebanon (A/C.2/L.651), he observed that the one which concerned operative sub-paragraph 4 (a) was meant to express the General Assembly's intentions more clearly. The one which concerned sub-paragraph 4 (d) came from the need to clear the way for a fundamental institutional reform of the structure of international trade, not only by drafting the principles of trade regulation, but also by creating bodies capable of correcting the pernicious tendencies of the present international markets. A simple statement of principles would not be enough. The Cairo Declaration, a very useful document, already existed and would, it was to be hoped, be adopted by the General Assembly. The present need was to finish the work commenced at the Cairo Conference and the United Nations Conference on Trade and Development ought to look towards the establishment in the not too far distant future of an international trade institution. Whatever the structure of that body, it would have to assemble the trading nations which were Members of the United Nations and of the specialized agencies, and to supervise the application of the new principles and the practical execution of the measures for encouraging the trade of the developing countries.

39. Those were the reasons for the amendments proposed by Brazil, Iraq and Lebanon; for, while the twenty-eight-Power draft resolution set out in detail the attitude of the General Assembly towards international trade and the main sectors for which new principles must be devised, equal regard for precision should be shown in considering the methods and machinery to be used in executing the policy which would be adopted.

The meeting rose at 5.10 p.m.