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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) (continued)**

1. Mr. KOUMBOU (Congo, Brazzaville) noted that all representatives agreed that there was a widening gap between the industrialized countries and the developing countries. United Nations statistics showed that each year the prices of manufactured goods imported by the developing countries were continuing to increase while prices for the primary commodities exported by them continued to decline. The time had come to end that exploitation and to give the developing countries a fair reward for their day's work. His delegation therefore strongly urged that the United Nations Conference on Trade and Development should be held and it unreservedly supported the twenty-eight-Power draft resolution (A/C.2/L.648 and Add.1-4).

2. He wished to point out that his country was associated with the European Economic Community and was proud of the fact. The new association agreement which would come into force on 1 January 1963 had been freely negotiated and not handed down from above as the preceding one had been, a fact which was apparently unknown to many representatives. The new agreement permitted the associated States to establish new customs duties and to apply quantitative restrictions on imports from EEC countries, as determined by the needs of their growing industries and their public finances.

3. Nothing, of course, was perfect in an entity such as the European Common Market, but his Government was convinced that its association with that economic group was to its advantage. It should be recalled, as the representative of Senegal had pointed out, that from 1956 to 1961, the total turnover of Senegalese industry had increased by 75 per cent, that industrial turnover in the Ivory Coast had tripled within eight years and that the Malagasy industrial production index, which had been fixed at 100 in 1950,

had reached 262 in 1960. Those figures showed that association with the Common Market had not slowed down the process of industrialization.

4. With respect to his own country, he pointed out that negotiations with the European Economic Community had been held on a basis of equality and that his country had already benefited from EEC assistance, as was evidenced by the enlargement and improvement of the port of Pointe-Noire, the improvement of the road system and the financing of twelve projects. Moreover, plans had been submitted to EEC for, *inter alia*, the construction of the Kouilou hydro-electric dam, which, when completed, would be one of the largest in the world and would supply 8,000 million kWh annually at very advantageous rates. Without attempting to plead the cause of the European Common Market, his delegation had wanted to show the advantages of an association which had been freely entered into. It nevertheless admitted that that economic group might be prejudicial to countries which did not belong to it, and he sincerely hoped that negotiations would be held with a view to eliminating those discriminatory barriers.

5. In the light of all those considerations, he hoped that the United Nations Conference on Trade and Development would find satisfactory solutions for improving the situation of countries exporting primary commodities, and he appealed to the sponsors of the joint draft resolution not to condemn *a priori* the members of economic groups which were only too willing to yield a point in their positions. It would accordingly be advisable to accept the original wording of the eighth preambular paragraph of Economic and Social Council resolution 917 (XXXIV), which was not couched in such broad terms as those of the joint draft resolution and would not in any way alter the objectives of the draft. In that respect, it might be well to heed the advice of the Under-Secretary for Economic and Social Affairs and to seek in the trend towards regional integration an element of conciliation, rather than division, which would make it possible to attain the unifying benefits of universal trade. His delegation hoped that the Conference would be held as soon as possible, that is, in June 1963, and that its Preparatory Committee would consist of thirty members, with due regard for geographic distribution and the representation of those countries which had recently gained their independence.

6. Mr. ANJARIA (India) was glad to note that a number of representatives considered the twenty-eight-Power draft resolution a useful basis for the work of the forthcoming Conference. When compared with the Soviet draft resolution (A/C.2/L.645), it could be seen that in spite of very real differences between the two texts, their common purpose was still quite apparent. The fundamental problem was to grant the developing countries a larger share in international trade. The desired solution should not, however,

consist merely in financial aid but in an attempt to increase the volume of exports of the developing countries and to remove the obstacles to their economic growth. The time had come to give new direction to the system of international trade. The Committee's task was to narrow the gap which separated the various points of view, but there was already such broad agreement on the substance of the problem that it should be possible through mere consultations to arrive at a text which would win unanimous support. With respect to the preamble of the joint draft resolution, the observations which had already been made were mainly of a drafting nature and could be taken into account without too much trouble.

7. The basic differences of opinion concerned the date of the Conference, the composition of the Preparatory Committee and the interpretation of operative paragraph 4 (d). As for the date of the Conference, it was fully realized that the documentation and specific proposals must be carefully prepared if positive results were to be achieved. It would be necessary, therefore, to seek the points of agreement in the existing texts and to study the consequences of the various alternative actions available to Governments and to international agencies such as the International Monetary Fund and the International Bank for Reconstruction and Development. However, long periods of preparation did not necessarily assure the best results; in addition, many developing countries had stressed the urgency of their problems. It did not seem advisable, however, to leave it to the Economic and Social Council to draw up the programme of the Conference on the basis of the Preparatory Committee's report. If only because of the urgency which attached to that question, the draft resolution should at least set a date limit. Although the date of June 1963 had seemed reasonable to the sponsors, the arguments made for greater flexibility did not lack weight. Consultations might perhaps make it possible to determine the scope of the preparatory work more precisely and to arrive at a satisfactory solution, but India felt that in any event the Conference should meet well within 1963.

8. As to the membership of the Preparatory Committee, it had been said that to enlarge it would make it cumbersome and would keep it from working with the efficiency ordinarily shown by smaller groups. That was a valid argument, but the Conference under consideration was of the highest importance and was judged by many to be historic. As, inevitably, many developing countries considered that the membership of the Preparatory Committee should reflect the universal character of the Conference, the composition of that committee should be based on a satisfactory geographical representation and should take into account the interests and suggestions of the developing countries. For its part, India did not consider a committee of thirty members to be the only reasonable formula, but neither did it think that that figure would make the Committee cumbersome; in any event, a committee of that size was necessary if it was to have all the desired authority.

9. With regard to the second amendment of the six Powers (A/C.2/L.651/Rev.1), which concerned paragraph 4 (d) of the draft, he stressed that the Conference would have to consider the measures of an institutional character which would further the objectives determined in the light of the changing structure of international trade, the aims of the

United Nations Development Decade and the new principles according to which production resources and trade would be organized in the twenty-five or thirty years to come. For its part, India felt that the maximum use should be made of existing facilities. It had found that GATT was an agency capable of adapting itself, and it was difficult to believe that that adaptability had been exhausted.

10. The question, however, was not so much the institutional aspects as of knowing how to indicate, within the framework of the agenda, the scope which the General Assembly was assigning to the Conference. In that connexion, India felt that the points raised by the six-Power amendments were already covered by the draft resolution. As the Yugoslav representative had said, the point to be especially stressed was that the Conference would deal with trade problems in relation to economic development. Because that was a vast topic, the joint draft resolution laid the main emphasis on the problems listed in operative paragraph 4. It might be asked whether certain problems, such as those concerning East-West trade, had been left out. India did not think that they had, to the extent that they concerned development. Similarly, the text of the draft resolution did not exclude a discussion of the advantages and disadvantages that would result from the establishment of a new agency. The sponsors had stressed, on the basis of past experience, the necessity for a sustained effort, for a periodic review of accomplishments and for a study of new opportunities for action.

11. In short, the main thing was not the wording but the desire to arrive at a formula that might be unanimously accepted. A unanimous agreement was far from excluded, provided that there was not too much inflexibility concerning the date of the Conference and if consideration was given to the fact that the present text did not exclude the possibility of considering the institutional aspects of the matter.

12. Mr. HAKIM (Lebanon), while agreeing with the aims expressed in the Soviet Union draft resolution, felt that at that stage it would be wiser to concentrate on the urgent problems facing the developing countries in the field of international trade. Moreover, that approach would lead in due course to a consideration of the more general aspects of international trade.

13. Although it approved the twenty-eight-Power draft resolution almost in its entirety, his delegation felt that some expressions, especially those which dealt with organizational questions, were too general and vague. For example, from the wording of operative paragraph 4 (d)—"Methods and machinery to implement measures relating to the expansion of international trade"—it was impossible to tell whether the reference was to existing machinery which would be retained in its present form, existing machinery which would be modified or new machinery would be established. That was why Lebanon had joined with several other countries in submitting amendments (A/C.2/L.651/Rev.1).

14. Those amendments had been criticized, and some delegations had objected to them on the ground that the question of establishing an international trade organization should not be raised. In the first place, the question had already been raised in the Soviet Union draft resolution, and it would henceforth no

longer be possible to evade it. If that question was ignored now, the Preparatory Committee might contend that it had not been expressly authorized to consider it. In the second place, the main point was not to decide whether or not an international trade organization was desired—since an organization was not an end in itself but a means of achieving a specific goal—but to agree on the purpose being sought. In the view of the sponsors of the amendments, the aim of the Conference should be to remedy the unfavourable situation of the developing countries immediately by improving their trade position, their exports receipts and their share in an expanding international trade. So long as the present situation continued, the United Nations Development Decade could only end in grievous failure.

15. When the problem was viewed from that angle, it was impossible not to question the effectiveness of present trade machinery. That was why the sponsors of the amendments had proposed to complete paragraph 4 (d) of the draft resolution. Sub-paragraph (i) of their text precisely stated that what was needed first of all was "a reappraisal of the effectiveness of the activities of existing international bodies... in meeting trade problems of developing countries", including "a consideration of the development of trade relations among countries with uneven levels of economic development"—the reference there being to the trade of the under-developed countries among themselves and with the advanced countries—and "different systems of economic organization and trade"—the reference there being to the socialist countries, in which trade was a State monopoly, and to the advanced countries, which had a highly organized system of free enterprise.

16. The question then arose as to whether the research could end there, and whether, if the reappraisal showed, that the existing machinery was insufficient to resolve the problems of the under-developed countries, it might then be necessary to inquire how effective facilities could be devised. In that event, it might be asked whether it was not necessary to study, as sub-paragraph (ii) stated, "the advisability of eliminating overlapping and duplication by co-ordination or consolidation of the activities" of existing bodies and of effecting such other changes as might be needed, "including the advisability of establishing a United Nations agency for international trade".

17. The criticisms made against that text were hard to comprehend and undoubtedly arose from a misunderstanding. It was especially surprising to see the United States representative oppose a study of the question. It might be asked what was wrong in wanting to find out whether or not it would be desirable to establish a new agency. Such a study would give the opponents of that action the opportunity to make their viewpoint heard and perhaps even make it prevail. It must not be forgotten that the amendments did not propose the establishment of a new agency but simply requested that the question should be considered by the Preparatory Committee and possibly by the Conference. Before such a thorough study was undertaken, it was as impossible to affirm that the establishment of new bodies was necessary as to maintain that it was not. Those who wanted to veto the consideration of the question were already passing judgement on the substance of the problem. Moreover, even if the problem was successfully evaded for the moment, it

would have to be dealt with sooner or later, and much time would elapse before it was solved. The United Nations Conference on Trade and Employment, held at Havana in 1947-1948, had shown how much time was needed to succeed in drawing up a text like the Havana Charter or to establish any new agency. Consequently, even if the consideration requested should show the need for establishing a new organization, the Conference would not be able to set it up immediately, since at least two or three years of negotiations would be needed.

18. He accordingly asked the members of the Second Committee to determine their position solely with regard to the need for an immediate solution to the difficulties of the developing countries. The same spirit should prevail in determining the number of members of the Preparatory Committee. Since the Preparatory Committee of the Havana Conference had had eighteen members at a time when the membership of the United Nations had been fifty-one, it was not unreasonable to ask for thirty members on the Preparatory Committee now that the membership of the United Nations had more than doubled. A membership of that size would make it possible to ensure equitable representation of all interests and of all areas directly affected by the problems of trade.

19. Mr. KLUTZNICK (United States of America) considered that, at the stage reached by the discussion, he should state clearly—although it might not necessarily be the most diplomatic or popular thing to do—what his Government's position was, since it still did not appear to be fully understood. The discussion on which the Committee had embarked showed that it would certainly have done better to keep to the terms of resolution 917 (XXXIV) of the Economic and Social Council, which recommended the convening of a conference and of a preparatory committee and made provision for the adoption of concrete measures, without excluding any ideas or suggestions whatsoever. His Government had been willing to accept the conclusions of the group of experts as to the agenda, and had not considered that it would be necessary for the General Assembly to adopt a further resolution. That course had not been followed, and certain delegations had wished to mention particular items. From that moment it had been obvious that there would be a risk of controversy. Differences of opinion in the Council had been considerable, and only after four weeks of negotiation had it proved possible to reach agreement on a formula which made it possible for all countries—commercial Powers and developing countries alike—to collaborate in the Conference.

20. His Government's position had not changed, and the United States still hoped that the Conference would achieve positive results. It was precisely for that reason, and not because it entertained any apprehension, that the United States did not consider it useful for the Conference to deal with certain problems such as that of trade between the centrally planned economies and the developed free-enterprise countries. It would surely be discouraging for the under-developed countries, attending a conference to settle their own difficulties, to have to listen to interminable monologues on the advantages of one system or another. There was already sufficient opportunity in the General Assembly or in the Second Committee for such histrionics, and the United States did not see

why it should be represented, for that purpose, at a special conference.

21. There had been much talk of the need to set up new machinery, in particular, a new international trade organization. The Economic and Social Council resolution did not prevent the Preparatory Committee from considering any measures that it regarded as indicated. His delegation would therefore vote against any suggestion concerning the need for new international machinery at the present time. The United States remembered past history and was bound by the commitments it had undertaken. In the interest of the under-developed countries themselves, it was not willing to attend a conference for the purpose of creating new machinery, which did not mean that it regarded the existing machinery as perfect or beyond improvement. The important thing was not to indulge in criticism before agreement had been reached on the objectives aimed at and not to overwhelm the Conference with a mass of problems that did not directly concern the developing countries.

22. The idea of the United Nations Conference on Trade and Development, which had germinated in unity, had reached a critical moment. If the Conference was to succeed and adopt concrete measures, a propitious atmosphere would have to be created. As the representative of Brazil had said, the great problem would consist in where to draw the limits. If the Preparatory Committee were to give priority to questions such as that of institutional machinery, which might result in the Conference being overwhelmed, it was evident that the Conference would be doomed to failure before it began. He was aware that his feelings were not shared by all, but he must remove any misunderstanding. Under instructions from his Government, he was obliged, in order to take into account its responsibilities towards its people and towards the institutions to which it belonged, to state that if a conference were to be hastily convened or were to consider problems other than the urgent problems of the developing countries, the United States would be forced to review its position and to consider whether it could appropriately participate in such a meeting. That was but a blunt statement of truth, motivated by the conviction that the assembled delegations of the Committee were entitled to nothing less.

23. The Conference would not be mandatory and each State could decide whether or not to be represented at it. He greatly feared that the Second Committee's discussion might complicate a contribution from States which were displaying good will and were eager to collaborate. It would be illusory to believe that the Conference alone could create heaven on earth. It would be even more dangerous to allow the growth of an atmosphere of doubt and challenge which would hamper the constructive work already being done in the existing bodies. Even the current debate would not fail to have repercussions, and it should not be forgotten that nations reacted like human beings and did not determine their course of action solely according to the terms of resolutions.

24. Some might think that his statement sounded a discordant note. In making it, however, he had wished only to make his Government's position clear beyond all doubt. In short, his Government was willing to accept any resolution or suggestion along the lines laid down by the Economic and Social Council. It was not opposed to a small increase in the member-

ship of the Preparatory Committee, but it regarded the figure of thirty as excessive. It was as desirous as any that the Conference should meet at an early date, provided that time was allowed for adequate preparation. It considered that the Conference would be heading for failure if it did not concentrate all its efforts on the urgent problems of the developing countries. To conclude, if the Conference were convened hastily and if it took up political questions, his Government would have to reconsider its whole approach to the question.

25. Mr. HAKIM (Lebanon) wished to dispel the misunderstanding which the United States representative's statement appeared to reveal in regard to what he had said on the establishment of a new international organization. The Conference would not have as its aim the creation of such an organization; that would in any case be beyond its scope. But the advisability of establishing a United Nations international trade agency should be examined and discussed. Sub-paragraph (i) of the second amendment of the six Powers called for a reappraisal of the effectiveness of the activities of existing international bodies; if the latter were found not to be adequate or effective, the advisability of setting up a new international organization would inevitably have to be studied. The Conference would make that study on the basis of the surveys which would have been prepared; but even if it reached an affirmative decision, the establishment of such an organization would still call for a considerable amount of work. He was happy to note that, despite the misunderstanding discernible in the statement of the United States representative, the latter's conclusion did not close the door on the discussion of any question; and he relied on that very American quality on the part of the United States delegation for the continuation of the debate.

26. Mr. ALMEIDA (Brazil) said that his delegation, having heard the United States representative's statement, found it difficult to identify the fundamental difference between that statement and the suggestions embodied in the six-Power amendments. His delegation had already expressed itself clearly with regard to the possibility of considering the institutional framework in the field of international trade. It had been contemplating, on the one hand, consideration of the means for improving, reforming and strengthening the existing agencies and, on the other, the expediency of discussing the question of the establishment of a new United Nations agency. It had not been said that the aim of the Conference would be the creation of an international trade organization. The basic idea of the twenty-eight-Power draft resolution, which was clarified in the proposed amendment to paragraph 4 (d), was that the trade problems of the developing countries must be solved, and those problems could not be usefully considered unless wider questions, and the means of developing international trade for the benefit of all countries, were brought into the discussion. The question was whether the existing bodies were adequate or whether they could be improved to meet the needs of the developing countries. The United States representative's statement seemed to indicate that his Government would be willing to discuss that type of problem.

27. An effort should therefore be made to work out a generally acceptable draft resolution, which was precisely the purpose of the proposed amendment. If it was desired to expand the developing countries'

trade to the maximum, discussion of trade with the socialist countries must not be excluded. Likewise, an enlargement of the international institutional framework should be possible, if it proved to be necessary in order to attain the basic objectives of the developing countries, particularly since the prevailing situation forecast a somewhat unfavourable future for the economic development of those countries. If, as he understood it, neither the United States representative nor the other members of the Committee excluded the possibility of discussing that question, there seemed to be no fundamental difference of opinion. On the contrary, the area of agreement seemed to be very wide and there appeared to be every possibility of arriving at solutions that would satisfy all concerned.

28. Mr. ARKADYEV (Union of Soviet Socialist Republics) saw in the statement of the United States delegation a threat to wreck the convening of a trade conference by refusing to take part in such a conference (since participation was not obligatory for anyone) if the trend of the debates and the views of the delegations did not suit it. It would be easy for the delegation of the Soviet Union to act in the same way. The Soviet Union had existed and would continue to exist with or without international trade and with or without the existence of an international trade organization. That problem was not a question of life and death either for the United States or for the Soviet Union. The United Nations had been set up so that nations could seek constructive and positive solutions, based on mutual co-operation, for the problems of the community of nations. The attitude of the United States delegation was not constructive in that respect, and the Soviet delegation had no intention of following it along that path. The United States representative should not think that the 110 States Members of the United Nations had no right to express their views on the date and agenda of a conference, or that they must conform with a unanimous decision of the Economic and Social Council taken by only eighteen members. That decision could not be the final one and represented only an approximation to a solution of the problem. For instance, the Council had established neither the date nor the agenda of the Conference. All States Members had the right to express themselves on the subject.

29. It had been said that the United States delegation feared that the Conference might deal with questions like that of East-West trade. Such fears were completely unfounded. The United States representative seemed to imagine that all questions connected with East-West trade were of concern to his country. That had not been the case so far, and the United States share in that trade had been infinitesimal; the Soviet Union would like to see that share increased, but it was for the United States to determine its place in international trade, on the basis of its own structure and wishes. Other countries had trade relations with the socialist countries, and what mattered was to create a favourable atmosphere for the Conference, which would discuss the most unwarlike problems that could possibly exist—those of trade.

30. The USSR representative was convinced that the United States delegation would take part in the Conference and would make its contribution to it. The sole object of the Conference would be to find forms of collective economic co-operation which would take into account the interests of all countries. All things

in the world were closely interconnected, and if it was desired to discuss the problems of the economic and commercial development of the developing countries, those problems should not be separated from the efforts of the United States, the socialist countries and other developed countries in the field of trade. The Conference would necessarily deal with the problems of trade as a whole, including those of the world market, the extent of that market and the trend of trade operations. There was no reason for alarm at the idea of a new international organization. It was altogether normal that new conceptions should emerge as the result of new needs, and one should not remain imprisoned by conservatism and fight shy of all new formulae. Otherwise, it would mean condemning the European Common Market, which was also a new formula. As the representatives of Lebanon and Brazil had said, the possibility of discussing the creation of an international trade organization should not be excluded; but no one had demanded the immediate establishment of such an organization.

31. Mr. KLUTZNICK (United States of America) wished to explain, in order to dispel all anxiety, that his delegation had never excluded any question from discussion at the Conference. According to the USSR representative, the Soviet Union would take part in the Conference and in that case the question of East-West trade would certainly come up in one form or another.

32. Save for the points to which he had referred, his delegation accepted the twenty-eight-Power draft resolution, paragraph 4 (d) of which was concerned with methods and machinery to implement measures relating to the expansion of international trade. The United States delegation was not trying to prevent anyone from speaking out, and was merely endeavouring to display a proper sense of proportion. To place the accent on the question of East-West trade by putting such a question on the agenda would be to divert the Conference from its main object—the study of the trade problems of the developing countries. Even if, as the Lebanese representative had said, the possible creation of new bodies should be studied in depth, paragraph 4 (d) in its present form did not exclude that possibility.

33. The basic problems of international trade were those of the developing countries, which sought to improve the terms of trade for their primary commodities and the export products of their young industries. The interests of the Conference would be prejudiced if its agenda were encumbered with matters unrelated to that question. The United States delegation was thus displaying a constructive attitude in asking for priority to be given to the needs of the developing countries. That delegation in no way denied the existence of other problems; but the solution of those problems could not be effected in the immediate future, and must be the subject of continuing work in organs other than the Conference. As the USSR representative was aware, the Economic and Social Council was at present working, with some hope of success, on a declaration of economic co-operation. The statement of the United States delegation was simply designed to recall the Committee's attention to the urgent and essential questions, namely, the trade problems of developing countries. His delegation was not forgetting the other problems, but considered that they should be kept in their proper place,

the essential questions being those concerning the primary commodities and industrial products of the developing countries.

34. Mr. UNWIN (United Kingdom) considered that the preceding statements clearly revealed very different conceptions as to the way in which the problems should be tackled: it seemed to him that attempts were being made to alter the meaning of Economic and Social Council resolution 917 (XXXIV). Requests were being made for the study of two different questions: on the one hand, the United Nations Conference on Trade and Development, and on the other hand, a complete reorganization of world trade and the creation of an international body designed to apply rules which had not yet been formulated.

35. The most pressing problems were those facing the developing countries, in particular, those concerned with prices and markets for their primary commodities and their manufactured products. A discussion of the desirability of a new organization might well prove to be merely an abstract one which would lead to no positive results because of differences of opinion, and which could not be of practical use to those who were looking for a rapid solution of their problems.

36. The Lebanese representative had said that operative paragraph 4 (d) of the twenty-eight-Power draft resolution was too vague and that a question had been raised that should be answered. The United Kingdom delegation did not think that a precise solution should be suggested, at the present stage, for the questions involved. Moreover, the absence of any mention of a precise solution did not mean that those questions could not be dealt with at the Conference; but it would be prejudging them to suggest solutions for them, in advance, to the Preparatory Committee. An explicit mention of a new international organization in the instructions given to the Preparatory Committee might lead the United Kingdom Government to review the basic considerations which had caused it to vote for Economic and Social Council resolution 917 (XXXIV), and had encouraged it to take part in the Conference. The United Kingdom delegation would be prepared to accept paragraph 4 (d) of the draft resolution in its present form. So far as the question of a new international organization was concerned, that would call for years more of work, and for the moment efforts should be concentrated on the problems of the developing countries, which were the most urgent.

The meeting rose at 1 p.m.