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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, 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. KOMIVES (Hungary) emphasized that his delegation attached great importance to the principle of permanent sovereignty over natural resources, which was fundamental to the independence and prosperity of peoples and nations. Although the Commission on Permanent Sovereignty over Natural Resources was to be congratulated on the work it had done, the draft resolution in which its work had culminated (A/C.2/L.654 and Corr.1) was not a satisfactory solution but a compromise which constituted a departure from the third preambular paragraph of General Assembly resolution 626 (VII). The Hungarian delegation therefore fully supported the first USSR amendment (A/C.2/L.670), which put the question back into its proper context.

2. The issue of nationalization and compensation, which was the most controversial, was dealt with in paragraph 4 of the draft resolution and in the amendments of the United States (A/C.2/L.668) and the United Kingdom (A/C.2/L.669) in such a way as to

weaken and restrict the principle of national sovereignty over natural resources. It was not correct to say that nationalization with the payment of compensation was a generally acceptable principle; the fundamental principle was that of State sovereignty. Any decision relating to whether and how much compensation should be paid was essentially an internal affair of the State concerned, which therefore was sole judge in the matter and could brook no outside interference whatever in the exercise of its sovereignty. The basis of any right to compensation was not some rule of international law but the relevant legislation of the State concerned. For that reason, the Hungarian delegation supported the USSR amendment concerning paragraph 4 of the draft. The concept of prompt, adequate and effective compensation, which the United States wished to impose and codify as a sort of international law, would be flagrantly unjust to emerging nations. Foreign nationals might find themselves in a more favourable position than the nationals of the State concerned, with the result that the latter might have to bear such a heavy burden that there would be a danger of the aims of nationalization not being achieved. The Hungarian delegation fully supported the Soviet Union's amendment to improve the text of the draft resolution under discussion.

3. Mr. RAJAONARIVONY (Madagascar) felt that both the principle of national sovereignty and the principle of international co-operation to promote the development of developing countries were worthy of respect. One principle should not be given precedence over the other; on the contrary, every effort should be made to reconcile the two. Three consequences followed. First, if nationalization, expropriation or requisitioning took place, the State concerned was sole judge of the reasons for its action, and the exercise of its sovereignty could not be contested if in taking such action, it observed agreements freely entered into and paid due regard to the rights and duties of States under international law. Secondly, the emerging countries, whose savings needed to be supplemented with foreign capital, should always have in mind the need for international co-operation when they proceed to nationalize, expropriate or requisition, and that principle should be set forth in the paragraph regarding the exercise of that right, inherent in sovereignty. Thirdly, no one challenged the principle of compensation, although the representative of the USSR had said that it could not be justified on moral grounds. It was for the States concerned to select the enterprises which were of importance to their economy, as had been done in the Malagasy Code, which selected those that helped to create employment, develop resources, correct the trade balance or improve the balance-of-payments position. Once the principle of compensation was accepted, the next step was to define the conditions under which it should be paid. The passage of the draft resolution relating to those conditions should be drafted in such

a way as to dispel all hesitation on the part of investors; for that reason, the possible remedies should be clearly stated, including the fact that in the case of controversy, local remedies should first be exhausted in accordance with international law.

4. The fact that the State concerned was the sole judge of the grounds or reasons of public utility, security or the national interest on which its decision regarding nationalization, expropriation or requisitioning was based was an adequate safeguard of national sovereignty. Moreover, the fact that the State undertook to respect agreements freely entered into and to comply with international law was a practical illustration of the way in which international co-operation for the development of the economically backward countries was being encouraged. Lastly, the statement that local remedies should first be exhausted meant that normal remedies would be explicitly guaranteed; such a guarantee was compatible with the exercise of national sovereignty and at the same time sufficient to allay the apprehensions of potential investors. The United States amendments (A/C.2/L.668) covered all those points, but the third amendment was unnecessary; he therefore proposed its deletion. As the remedies were specifically and clearly mentioned, the compensation could not but be adequate; as to the promptness of compensation, the very idea of international co-operation demanded that the financial situation of the State concerned should be borne in mind and that it should be given time, if necessary, to make the payment; in the meantime, the State of which the investor was a national might temporarily take over the responsibility of a State that was unable to pay for the time being.

5. Mr. STANOVNIK (Yugoslavia) said that when the General Assembly had referred the question of permanent sovereignty over natural resources to the Second Committee, it had expected the Committee to consider the matter from the economic and not the legal aspect. There could be no doubt that economic sovereignty was the essential complement of political sovereignty. The former was inconceivable without full sovereignty over natural resources and it could be said that it was practically synonymous with economic development, industrialization and diversification. The question should be approached from the point of view of economic emancipation. For one thing, it was impossible to treat ownership acquired by foreigners when both the States concerned were sovereign in the same way as ownership acquired when one State was sovereign and the other not. For that reason, the standards of international law in force when half the human race had been living in bondage could not be applied automatically now, when most countries were independent.

6. The role of foreign ownership must first be considered. The under-developed countries had a dual economy: there was the domestic sector, on the one hand, and, on the other, the export sector, which was largely in the hands of foreigners. When there was no give and take between those two sectors, a problem arose: if the economic surplus, i.e., profit, was not returned to the domestic sector, economic growth was impossible. It was from that angle that the problem of the foreign ownership of natural resources should be tackled; that economic duality could not be remedied so long as a large sector of essential services remained in foreign hands, and if the situation remained unchanged, it would not be far from what might be called neo-colonialism.

7. The concepts of international law must therefore be adapted to the needs of the present time, and a contradiction arose in that connexion. When people talked of financing economic development, they thought of long-term low-interest loans, of the marketing of surpluses and of all sorts of measures for accelerating the international flow of assistance to the developing countries; but when the foreign ownership of natural resources was in question, they lost all flexibility and could talk of nothing more than prompt, adequate and effective compensation. So far as assistance was concerned, they were adaptable, but in the matter of resources, they advocated intransigence. The time had come, in a rapidly changing world, to pay more attention to developing the idea of ownership. However important, the draft resolution before the Committee was only a first step. The Second Committee and the General Assembly should give the matter more thorough study with a view to determining how the idea could be reinterpreted so as to assist the development of the developing countries.

8. Mr. YAKER (Algeria) said that the right of sovereignty over natural resources was a corollary to the right of self-determination, which was a universally recognized legal principle. The fact that international institutions were giving attention to the matter was an important step forward in economic development and economic and social advancement. It was gratifying that the General Assembly should have dealt with those problems in resolutions 1314 (XIII) and 1515 (XV). There was a contractual principle involved in the relations between the former metropolitan countries and the colonies that had long been recognized but which had remained a mere theory; its application would bring about a change in the character of international economic relations which was desirable and positive and would lead from an economy of domination to an economic system of co-operation.

9. The work done by the Commission on Permanent Sovereignty over Natural Resources was eminently constructive; there were certainly gaps to be filled, but he agreed with the representative of Yugoslavia that the important point was to move in the right direction and that the draft resolution contained positive elements based on the principles proclaimed by the United Nations. The natural right of peoples and nations to dispose of their natural resources did not preclude international co-operation which all desired. Such co-operation should rest on strict equality and generally recognized and freely accepted principles. The need to accelerate the progress of the developing countries through the willing and enthusiastic participation of the peoples concerned was well known; recognition of the right to sovereignty over natural resources would greatly contribute to an atmosphere of enthusiasm. The draft resolution rightly stressed the importance of economic co-operation among nations and wisely raised the matter of guarantees for foreign investors. It was obvious that States must have the right to nationalize, requisition and expropriate, provided it was exercised in accordance with principles of public utility, security or national interest, which were considered as overriding foreign interests. The reference to the legislation in force in the State concerned, to guarantees under international law and to recourse to national jurisdiction or arbitration only strengthened the objectivity of the draft resolution. It would therefore seem that the text should be generally acceptable and Algeria hoped that there would be no objection to its adoption. In the

event that the amendments were considered, his delegation reserved the right to intervene again in the debate and to modify its position.

10. Mr. KOCHUBEI (Ukrainian Soviet Socialist Republic) said that the developing countries would be unable to attain their objectives unless they could fully exercise their right to permanent sovereignty over their natural resources. Although a large number of countries had become independent, attempts were being made to perpetuate economic colonialism and to make the new nations mere economic appendages of metropolitan countries.

11. The backwardness of the developing countries could not be attributed to their poverty in natural resources. In fact, those countries had 100 per cent of the world's resources of diamonds, 96 per cent of the chromium, 94 per cent of the manganese, 60 per cent of the iron, 97 per cent of the tin, 72 per cent of the copper, 78 per cent of the bauxite and 83 per cent of the oil. As for electric power, the countries of Asia, Africa and Latin America had immense hydro-electric resources; and the Latin American countries alone provided 68 per cent of the mineral resources of the capitalist world. The reason why those countries were backward was that, as they had only recently become independent, their wealth continued to be looted by foreign companies. Their populations enjoyed no sovereignty over their natural resources. The developing countries were undoubtedly striving to break their chains, but the capitalist countries were seeking by all possible means to maintain their influence in the formerly dependent countries. There were therefore the best reasons in the world for adopting the United Nations recommendations for protecting the sovereign right of peoples and nations to their natural wealth and resources.

12. In the view of his delegation, the United Nations should stress the importance of the right of States to permanent sovereignty over their natural resources and should take positive measures to uphold that right and condemn any violations of it. Thus the essential aim was not to guarantee the interests of foreign investors but rather to protect the sovereignty of the State in which the capital was invested.

13. For all those reasons, his delegation could not support the amendments of the United States (A/C.2/L.668) or of the United Kingdom (A/C.2/L.669), for they required the United Nations to infringe the very principles of its own Charter. His delegation would, however, endeavour to improve the text of the draft, which attributed too much importance to the protection of foreign interests and not enough to that of national sovereignty. Not only did that text limit the right to nationalize by means of various conditions, but it even made compensation an obligation under international law. It also had a tendency to conceal the extent of the activities of foreign companies in the developing countries and to provide them with guarantees, which in fact amounted to restricting the sovereignty of those countries, and that tendency would be further accentuated by the United Kingdom and United States amendments. Lastly, the draft did not mention General Assembly resolutions 523 (VI) and 626 (VII), which had nevertheless marked definite progress. The Soviet Union amendments (A/C.2/L.670) were precisely aimed at remedying those defects, and his delegation would vote for them. The Afghan amendment (A/C.2/L.655) would also improve the text.

14. His delegation considered that the proposal to refer the problem to the International Law Commission was an attempt to avoid all discussion, for the Commission's programme was so heavy that the question could not be taken up for six or seven years. It was inadmissible to postpone for so long the solution of a problem closely related to the economic progress of the developing countries.

15. Mr. FRANZI (Italy) said that the draft resolution could not be considered exclusively, or even mainly, from the economic and political point of view. It was a *de jure* declaration and its implications should be examined especially from the juridical point of view. It was doubtful whether the Committee alone was in a position to appraise a text that raised many delicate problems, some of which had already been discussed or were being discussed by other committees of the General Assembly. Hence it would be essential to consider the problem as a whole and to co-ordinate the various initiatives taken by the United Nations in that connexion. For instance, the principle of the free disposal of natural resources had already been affirmed by the General Assembly when it had adopted the first article of the draft international covenants concerning human rights prepared by the Commission on Human Rights and discussed by the Third Committee at the current session (A/C.3/L.978); paragraph 2 of the first article of the draft covenant concerning economic, social and cultural rights and the corresponding paragraph of the first article of the draft covenant concerning civil and political rights provided that:

"The peoples may, for their own ends, freely dispose of their natural wealth and resources without prejudice to any obligations arising out of international economic co-operation, based upon the principle of mutual benefit, and international law."

It would be not only illogical but also regrettable to deviate from that statement of principle because that paragraph established the proper balance between the right of States to dispose of their natural resources and the obligations they assumed in keeping with international economic co-operation. In fact, protecting the rights of each State could not be the only consideration; it was necessary to protect the interests of other States too, especially those which might assist the developing countries. It was thus less important to over-emphasize sovereignty, at the risk of consequent isolation, than to reconcile the various interests involved. That was precisely the function of international law, which was based on the sovereign equality of States and not on the priority of one in relation to the other.

16. Under international law, the expropriation of alien property was generally effected in accordance with a rule obliging the expropriating State to compensate the owner. That was a principle which could with advantage be reaffirmed, as also the principle stated in the Universal Declaration of Human Rights that "No one shall be arbitrarily deprived of his property". The question was linked to the body of principles of international law concerning friendly relations and co-operation among States, in accordance with the Charter of the United Nations, which was now the subject of a very important and delicate debate in the Sixth Committee. In addition, as the representative of Ghana had rightly remarked, the question also impinged on the problem of the responsibility of States, which was before the Inter-

national Law Commission. Nor should the fact be overlooked that the Third Committee, which still had the draft covenants concerning human rights on its agenda, would probably have occasion to take a position on the right of ownership also.

17. The situation was therefore extremely complicated and called for much prudence. It was also important to ensure that the legal terminology used was sufficiently accurate. In that respect, the members of the Second Committee were perhaps not as qualified as was necessary. Although not a jurist, he wondered whether several points in the draft resolution would not gain from revision. In paragraph 1 of the draft, the reference should perhaps be to the sovereignty of the State, which was the real subject of rights and duties based on the international legal order, rather than to the sovereignty of "peoples and nations", for it was to the sovereign right of each State that the second preambular paragraph referred. Also, the expression concerning the right to "freely dispose of their natural wealth and resources", already used in paragraph 2 of the first article of the draft covenant concerning economic, social and cultural rights, was perhaps preferable to the expression "the right to permanent sovereignty over natural wealth and resources". In paragraph 2 of the draft resolution, the phrase "freely consider" raised some doubt concerning whether or not the limitations imposed by international law on the freedom of States were recognized. Paragraph 3 did not appear to provide for the possibility of agreements between private persons and passed in silence over the possibility that the resources in question did not belong to the State. Finally, in paragraph 4, resort to national jurisdiction should be presented not in hypothetical but in positive terms, because it was a question of ensuring that individuals had that fundamental guarantee of their rights.

18. He himself was admittedly not competent in such delicate legal matters, but that was precisely one of the reasons why he feared that the Committee as a whole might adopt an unduly vague text which would hinder rather than promote the development of natural resources. The Committee should not, in his view, give an opinion forthwith without considering the opinion of eminent jurists. Without casting aspersions on the efficient work of the Commission on Permanent Sovereignty over Natural Resources, he felt that it would be preferable to submit the matter for consideration by the International Law Commission, provided that there was a genuine desire to arrive at a declaration having legal significance. He would accordingly express no views at the moment on the amendments that had been submitted.

19. Mr. FARHADI (Afghanistan) wondered what article of the Statute of the International Law Commission led the Italian representative to suppose that the Commission could give an opinion.

20. Mr. SCHWEITZER (Chile) feared that a number of factors likely to mislead members of the Committee had been introduced into the discussion. To begin with, some speakers had drawn a distinction between countries which had already won political independence and those which had not yet done so. But the wording of the draft resolution was sufficiently flexible to cover both cases. Others considered that sovereignty belonged to the State and not to the people or the nation. But all constitutions surely affirmed that the people were sovereign and that the State or

the government was only the political expression of that sovereignty, whose real repository was the people. Paragraph 3 was concerned with contracts concluded between investors and the State because it was a question of an advanced stage, at which the State granted the necessary authorization for the exploration, development and disposition of natural resources. Obviously, once the State had granted such authorization, it was for it to enact legislation governing those activities and hence the profits to which they gave rise. That was why it was stipulated that the profits derived must be shared in the proportions freely agreed upon, in each case, between the investors and the recipient State. There could be no question of an agreement between private persons, since it was the State which authorized or restricted the exploitation of resources.

21. The Italian representative had expressed surprise that the necessity for recourse to national jurisdiction was not clearly affirmed in paragraph 4. That was certainly the procedure usually followed, though the State or a private individual sometimes agreed to have recourse, not to national jurisdiction, but to arbitration or international adjudication. Some delegations had emphasized that the question of sovereignty over natural resources went beyond the competence of the Second Committee and should be studied by the International Law Commission. To uphold that point of view was to set little store by the serious work of the Commission on Permanent Sovereignty over Natural Resources and also to disregard the pressing need to take steps urged by the majority of representatives who had spoken in the debate. If all the proposals which had been made were to be rejected on such slender grounds, the United Nations Development Decade, on which the Second Committee had embarked, would be completely fruitless.

22. The important thing was to approach the problem calmly. Talks were now in progress among the sponsors of the various amendments to the draft resolution and there was reason to hope that it would soon be possible for that text to be adopted with very little change. Thanks to that agreement, the Committee would be able to take a decision without seeking guidance from a body which was not competent in the present case.

23. Mr. FRANZI (Italy) pointed out to the Afghan representative that the practice of referring a question to another committee was not new. In paragraph 60 of the report on the work of its fourteenth session (A/5209), the International Law Commission itself stated that it had decided to include in its programme of work four topics which had been referred to it "by earlier General Assembly resolutions".

24. Secondly, the Chilean representative's statement had not dispelled his delegation's doubts. It was true that the people were sovereign in constitutional law, but in international law, the subject of law was the State, a fact confirmed by the use of the formula "the sovereign right of every State" in the second preambular paragraph. Similarly, if the authorization referred to in paragraph 3 emanated from the State and could be granted by legislation, the contract or distribution freely agreed upon in accordance with such legislation could well be settled between private individuals. It was because those doubts persisted that his delegation would prefer to refer the question to the International Law Commission rather than

adopt an imperfect text which might discourage the flow, wanted by everyone, of foreign capital into the developing countries and retard the exploitation of natural resources and, as a consequence, the economic growth of those countries. The United Nations should not arouse fears which might be harmful to the interests of those countries.

25. Mr. FARHADI (Afghanistan) was not surprised that the Italian representative had been unable to find any article in the Statute of the International Law Commission authorizing it to give opinions, for there was no such article. The International Law Commission was responsible for the codification of international law, a long-term undertaking which often took years at a time; it was not its responsibility to give advisory opinions. Moreover, it should not be forgotten that, at its sixteenth session, the General Assembly had recommended the Second Committee to give priority to discussion of the question of natural resources. Even if nobody could dispel all the doubts of every delegation, it was the Second Committee's duty to study the question at the current session and to adopt a draft resolution, as desired by the overwhelming majority of its members.

26. Mr. BRILLANTES (Philippines) said that, as a member of the Commission on Permanent Sovereignty over Natural Resources, he did not consider it proper to express an opinion in the debate. However, he wished to remind the Commission that the General Assembly had decided in its resolution 1720 (XVI) that the United Nations work on permanent sovereignty over natural wealth and resources should be continued and had recommended that priority be given for the discussion of this matter in the Second Committee at the seventeenth session. It was high time the Committee considered what action it should take to implement that resolution. While he did not wish to recommend specific steps, he drew attention to the three possibilities open to the Committee. First, it could authorize the Secretariat to continue its study of the question and to submit periodic reports when necessary. Secondly, it could propose that the Commission on Permanent Sovereignty over Natural Resources should be continued. Thirdly, it could recommend the creation of another body to deal with the question.

27. Mr. WOULBROUN (Belgium) said that, if he had understood the Afghan representative correctly, General Assembly resolution 1720 (XVI) recommended that priority should be given to the question and that an appropriate draft resolution should be adopted. But although the text of the General Assembly resolution recommended priority, it did not mention the adoption of a draft resolution. If the Committee adopted a draft resolution, it was important that it should do so in the common interests of the industrial and the under-developed countries, serving the balance between them. The question required further reflection

28. Mr. FARHADI (Afghanistan) believed there was some misunderstanding. He had not read out General Assembly resolution 1720 (XVI), and he was well aware that it did not mention the adoption of a draft resolution. It was the majority of the Committee that was pressing for the adoption of a draft resolution. As for reflection, he thought that eighteen months should have been long enough for that purpose.

29. Mr. WOULBROUN (Belgium) pointed out that some delegations, including that of Italy, had expressed doubts concerning certain provisions of the draft resolution. Mr. Schweitzer, the Chairman of the Commission on Permanent Sovereignty over Natural Resources, had himself expressed a desire to reflect on the question and to pursue the possibility of working out a text acceptable to a large number of delegations. There was even greater reason for the other members of the Committee to do likewise.

30. Mr. FARHADI (Afghanistan) feared that the Belgian representative had misunderstood what Mr. Schweitzer had said. All members of the Committee were anxious that the draft resolution should be adopted at the current session.

AGENDA ITEM 37

International measures to assist in offsetting fluctuations in commodity prices (A/5221, A/C.2/L.652, E/3447, E/3644, E/CN.13/43, E/CN.13/45) (continued)

CONSIDERATION OF THE JOINT DRAFT RESOLUTION (A/C.2/L.652) (continued)*

31. Mr. SERAFIMOV (Bulgaria) said that his delegation had always spoken in favour of the stabilization of primary commodity prices and had invariably supported the developing countries in discussions on international trade. It was, however, compelled to raise serious objections to the draft resolution (A/C.2/L.652). In view of the fact that the United Nations Coffee Conference had been held under the auspices of the Organization, that a coffee agreement had been concluded for which the instruments of ratification were to be deposited with the United Nations and that the Secretary-General had invited all Member States to sign that agreement, his delegation did not understand why the draft resolution should call upon participating States to sign that agreement.

32. If the sponsors of the draft resolution were seeking to stimulate interest in the International Coffee Agreement, 1962, his delegation could explain its lack of enthusiasm in that regard. In view of the importance of coffee for the economies of many developing countries, Bulgaria had participated in the Conference as an observer. It had hoped that the Conference would lead to an agreement which every country could support, but it had instead taken place in conditions under which not only the socialist countries but also many producing countries had been at a disadvantage. Many countries of Central America, Asia and Africa, and some Arab countries, which were not members of the European Economic Community, had therefore expressed serious reservations concerning the Agreement.

33. In the course of the debate, the Cuban delegation had asked for the deletion of two provisions in the draft agreement which clearly discriminated against the socialist countries. The first concerned government monopoly of foreign trade in those countries and was contained in article 47 of the Agreement (E/CONF.42/7). According to the terms of that article, the system of government monopolies of foreign trade adopted by certain countries was one of the obstacles to increased consumption of coffee. But

*Resumed from the 842nd meeting.

that allegation was false, and in any case it was a matter for each country to decide for itself. The inclusion of that provision was in practice tantamount to introducing a political element into a purely economic agreement. The quantity of coffee imported by a country did not depend on the existence of a monopoly of foreign trade but on the country's payment capacity. Bulgaria was making sustained efforts to expand its trade with the coffee-producing countries, which would enable it to increase its imports of that product. In the second place, Bulgaria and the German Democratic Republic had been removed from the so-called free market list and included in the so-called quota market, on the pretext that they had engaged in the re-exportation of coffee, which was not permitted under the temporary agreement. But that agreement had been concluded among producing countries, Bulgaria, not having been a party to it, could not be accused of having violated it. Since coffee had not hitherto played an important part in the Bulgarian people's diet, it would be fair to give Bulgaria the right to import the small quantity it did consume on the most favourable terms. Unfortunately, Cuba's recommendation had not been put to the vote. Yet the omission of those two measures against the socialist countries would have presented no difficulties for the other participants, and certain coffee-producing countries had even been in favour of it. But the delegations of the United States and other Western countries had, mainly for political reasons, forced the coffee-producing countries to take their side. In the circumstances, his delegation could not support the draft resolution.

34. Mr. PARSONS (Australia) said that his delegation would support the draft resolution. Australia, which had participated in the United Nations Coffee Conference, would sign the Agreement within the specified time-limit. It attached great importance to primary-commodity agreements and hoped that discussions on other primary commodities would be held in the near future in the same atmosphere of compromise which had prevailed at the Conference. The second preambular paragraph of the draft resolution described the International Coffee Agreement, 1962, as a "significant addition" to the present range of commodity agreements. Australia preferred to look at it as a significant beginning because of the impact on the economic progress of developing countries dependent on the export of a small number of primary commodities. Their development largely depended on the early convening of similar conferences and the conclusion of agreements on a wide range of primary commodities.

35. Mr. BLOIS (Canada) said that his delegation was happy to support the draft resolution, on the objectives of which there would doubtless be no difference of opinion. Although the Canadian Government had never thought that all problems of fluctuations in commodity prices could be solved by agreements of that nature, it had always been ready to study those problems at international conferences. Since the Second World War, Canada had participated in three other commodity agreements, covering wheat, sugar and tin. The International Coffee Agreement, 1962, which Canada had ratified that same day, should do much to stabilize coffee prices and should provide a pattern for further studies. The Canadian Government was anxious to co-operate in studying those problems which had long been a matter of concern to it.

36. Mr. AMADOR (Mexico) said that his delegation supported the draft resolution. Mexico had been one of the first signatories to the International Coffee Agreement, 1962. That document was very important, since it was the culmination of many years of effort—in which Mexico had actively participated—to secure a satisfactory regulation of the world market of that primary commodity to the benefit of both producers and consumers. The Agreement represented a very great advance in international co-operation in the search for solutions to the problems of primary commodities exported by the developing countries. Article 47 of the Agreement, which was particularly relevant in that respect, dealt with the removal of obstacles to the consumption of coffee. The Mexican delegation shared the hope expressed in the last operative paragraph of the draft resolution.

37. Mr. EL BANNA (United Arab Republic) said that in supporting the draft resolution, his delegation expressed the hope that the situation of the producers and exporters of coffee in the developing countries would be facilitated in the future. Of course, the application of the Agreement itself would show to what extent those countries would benefit from its provisions and to what extent quotas would be allocated, not only according to the production and export capacity of the different countries, but also in accordance with the degree of dependence of those countries on the export of that product.

38. His delegation also expressed the hope that other agreements would be concluded, particularly with regard to commodities, such as cotton, which constituted an important part of the exports not only of the developing countries but also of the highly developed ones.

39. Mr. PATIÑO (Colombia), speaking on behalf of the sponsors, thanked the delegations which had given them their support and encouragement. In reply to the statement by the Bulgarian representative, he explained that the draft resolution was in no way intended to induce the General Assembly to endorse all the provisions of the International Coffee Agreement, 1962. That agreement, with regard to certain articles on which the signatory States had expressed reservations, constituted a compromise between different points of view and might have been better in certain respects. The draft resolution expressed an opinion not on the terms of the Agreement but simply on the fact that an agreement had been reached in an important sector of international trade and that it had been reached between a fairly large number of producing and consuming countries. The draft resolution sought General Assembly approval solely for the efforts which had culminated in the Agreement. The sponsors had tried to work out a text which countries which were not parties to the Agreement would have no difficulty in supporting. The number of signatories to the Agreement now stood at thirty-five. That was an encouraging result and one which was likely to strengthen international solidarity in the future.

40. Mr. TODOROV (Bulgaria) observed that the title of the draft resolution was not very felicitous as it did not relate to the subject matter of that text. In his opinion, a title such as "The International Coffee Problem" or "International Coffee Agreement, 1962" would be preferable.

41. Mr. FINGER (United States of America) said that the sponsors had given careful consideration to

the title, which was entirely in keeping with the subject-matter of the draft resolution. Delegations were, of course, free to propose amendments to all parts of the text, including the title.

AGENDA ITEM 35

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

(f) Decentralization of the economic and social activities of the United Nations and strengthening of the regional economic commissions (A/5196, A/C.2/L.653 and Add.1 and 2, E/3643)

CONSIDERATION OF THE JOINT DRAFT RESOLUTION (A/C.2/L.653 AND ADD.1 AND 2)

42. Mr. VERAS (Brazil) said that the subject matter of the joint draft resolution (A/C.2/L.653 and Add.1 and 2), which he was introducing on behalf of the sponsors, was no longer controversial. It dealt with an inescapable trend resulting not only from the increased membership and the greater volume of work of the United Nations in the economic and social fields, but also from conceptual and operational factors.

43. The regions within the purview of the regional economic commissions, though sharing common problems resulting from a low per caput income and persistent stagnation, were fundamentally dissimilar in all respects. The role of those commissions included important preliminary work in the field of socio-economic studies and in the formulation of development programmes which could not be centralized at Headquarters. Furthermore, the activities of the regional economic commissions encompassed the major part of the world, with the result that delegation of powers in general and the process of decentralization in particular became one of the conditions necessary for efficient operation. It was common knowledge that the question of regional decentralization already had a long history in the United Nations.

44. The important contribution made by the regional economic commissions to United Nations activities in the economic and social fields could not be denied. Their achievements had been fully acknowledged by the General Assembly and the Economic and Social Council, which every year took note of their reports and endorsed their programmes of work. In many cases, the regional economic commissions also performed preliminary work in vital fields such as trade co-operation, common markets and integration, and economic development planning. The Expanded Programme of Technical Assistance had brought the United Nations new responsibilities in the economic field, and it was only natural that the regional economic commissions should play an important role in those new activities by virtue of their geographic location and their first-hand knowledge of the problems affecting the various regions. The transfer of functions and responsibilities from Headquarters to the secretariats of the regional commissions, logical though it was, had however been rather slow.

45. Economic and Social Council resolution 793 (XXX) had acknowledged the role of the regional economic commissions in economic activities at the regional level, including technical assistance projects, and had requested the Secretary-General to

draw on the services of those commissions as fully as possible, especially in the planning and execution of regional economic development programmes. The idea of decentralization had been reaffirmed by the General Assembly in its resolution 1518 (XV), which recognized that the regional economic commissions were not limited under their terms of reference to studies and deliberations, and that their secretariats, which the Secretary-General had been asked to strengthen, were performing various operational functions.

46. In 1961, in its resolution 1709 (XVI), the General Assembly had tackled the problem of implementing the policy of decentralization. The report of the Secretary-General (A/4911) had greatly contributed to the adoption of that resolution. It had presented a comprehensive account of the meaning of decentralization and of the measures which the Secretary-General had intended to take for the application of that policy. Attention had then been focused on the role of the regional economic commissions in economic and social development and reference had been made to the measures already taken or to be taken with a view to enhancing their importance in the planning and implementation of technical assistance projects. Document A/4911 reported the results of the meeting between the Under-Secretary for Economic and Social Affairs and the executive secretaries of the regional economic commissions at the thirty-second session of the Economic and Social Council at which a consensus of opinion had been reached on certain aspects of decentralization.

47. Operative paragraph 4 of General Assembly resolution 1709 (XVI), which was the core of that resolution, revealed the weight carried by the Secretary-General's report in the discussions of the Second Committee at the sixteenth session of the General Assembly. In that paragraph, the Assembly urged the strengthening, without delay, of the secretariats of the regional economic commissions. In paragraph 5, it requested the Secretary-General to take immediate steps towards the implementation of the policy of decentralization and, in operative paragraph 7, to report to the Economic and Social Council and to the General Assembly on the measures taken or to be taken to that effect. The Secretary-General's reports to the Council (E/3643) and to the Assembly (A/5196), which the Committee had before it, corresponded to that request. They showed that, in a number of fields, progress had been made towards decentralization. Thus, the sponsors of the draft resolution welcomed the important role played by ECLA in the establishment of the Latin American Institute for Economic and Social Planning and the task entrusted to ECA and ECAFE with a view to the establishment of similar institutes in Africa and Asia. The same progress was not, however, to be seen in the field of national projects. The Secretary-General's last two reports failed to confirm the assertion made in his report to the General Assembly at its sixteenth session that it was primarily at the planning and programming stages that the role of the regional economic commission needed to be developed. Moreover, only meagre information had been given concerning the participation of the regional secretariats in the preparation of the technical assistance programmes for 1963-1964.

48. Another important question was that of strengthening the secretariats of the regional economic

commissions in order to enable them to perform the tasks which must be entrusted to them. He agreed that that problem could not be solved by a mere transfer of staff from Headquarters. On the other hand, he was not convinced that the proposed increase in the staff of the regional economic commissions, as indicated by the Secretary-General, was adequate. In the budget estimates for the financial year 1963 (A/5205), he requested only thirty-seven additional posts for the regional secretariats as against twenty-six new posts at Headquarters. Bearing in mind that the major increase (twenty posts) had been assigned to ECA and that ECLA and ECAFE would be strengthened by only five and nine professional posts respectively, it was difficult to agree that General Assembly resolution 1709 (XVI) was being properly implemented.

49. He regretted that the broad approach to the policy of decentralization and to the measures for its implementation, as outlined by the Secretary-General in document A/4911, was not reflected in the two

reports which the Committee had before it. Further measures should be taken to speed up decentralization. The sponsors of the draft resolution were convinced that it was very important for the General Assembly to follow up the question of the decentralization of the economic and social activities of the United Nations and of the strengthening of the regional economic commissions.

50. The sponsors of the draft resolution had been ready to accept the five-Power amendment (A/C.2/L.661) which had been before the Committee for a long time. That amendment, which concerned regions that were still without United Nations economic commissions, had been fully justified and corrected a certain imbalance existing in the original draft resolution. It had, however, now been submitted in a revised form (A/C.2/L.661/Rev.1), and the sponsors would consider that new text together with the other amendments which had been circulated at the current meeting (A/C.2/L.681 and 682).

The meeting rose at 6.15 p.m.