

United Nations GENERAL ASSEMBLY

SEVENTEENTH SESSION

Official Records



**SECOND COMMITTEE, 848th
MEETING**

Wednesday, 21 November 1962,
at 3.15 p.m.

NEW YORK

CONTENTS

	Page
<i>Agenda items 33 and 94:</i>	
<i>Economic and social consequences of disarmament: report of the Secretary-General transmitting the study of the group of expert consultants appointed under General Assembly resolution 1516 (XV) (continued).</i>	311
<i>Economic programme for disarmament (continued)</i>	
<i>Agenda item 39:</i>	
<i>Permanent sovereignty over natural resources (continued)</i>	
<i>Consideration of the draft resolution of the Commission on Permanent Sovereignty over Natural Resources (continued).</i>	313
<i>Agenda item 37:</i>	
<i>International measures to assist in offsetting fluctuations in commodity prices (continued)</i>	
<i>Consideration of the joint draft resolution (continued)</i>	317

Chairman: Mr. Bohdan LEWANDOWSKI
(Poland).

AGENDA ITEMS 33 AND 94

Economic and social consequences of disarmament: report of the Secretary-General transmitting the study of the group of expert consultants appointed under General Assembly resolution 1516 (XV) (A/5199; A/5203, chap. II; A/C.2/L.647 and Add.1; E/3593/Rev.1, E/3593/Add.1-5) (continued)

Economic programme for disarmament (A/C.2/L.646) (continued)

1. Mr. JAYAKODDY (Ceylon) said that it had always been his Government's policy to encourage the attainment of general and complete disarmament as rapidly as possible. It was deplorable that vast sums were spent on armaments and that man was thus deprived of resources which would enable him to raise his level of living and to create living conditions worthy of him. He hoped that the great Powers would reach agreement in the near future and would abandon the idea that colossal arsenals were the best means of ensuring a country's security. The Ceylonese delegation was glad that the question was on the Committee's agenda, for that question, like the economic development of under-developed countries, was one of the principal and most urgent tasks of the United Nations. The time had come to study the economic and social consequences of disarmament in order to prepare for the day when disarmament would become a reality.

2. The Ceylonese delegation congratulated the Consultative Group of experts on the excellent study which it had made (E/3593/Rev.1) and which showed, in particular, that disarmament would not entail any upheaval in the economy of the countries directly concerned. It was essential that a policy should be adopted forthwith which would prepare both the developed and the developing countries to face the economic and social consequences of disarmament. The effects of disarmament would make themselves felt on two broad fronts. On the one hand, the repercussions it would have on exports of primary commodities might lead to a change in the general trends of trade and have an effect on the structure of various countries. The decline in the currency receipts of the developing countries hampered the execution of their development programmes, and steps should be taken rapidly to reverse that trend. On the other hand, disarmament would free resources on which the developing countries should be able to rely. Those countries knew their needs and were aware of what disarmament could offer them.

3. The Ceylonese delegation welcomed the two draft resolutions before the Committee (A/C.2/L.646 and A/C.2/L.647 and Add.1) and considered that, far from being mutually exclusive, they were based on the same determination to allow mankind to benefit from the resources freed by disarmament. The amendment proposed by the Nigerian and Pakistani delegations (A/C.2/L.680) was useful, for it established a link between disarmament and the development of under-developed countries. The Ceylonese delegation hoped that the Committee would be able to vote on a single text based on the two draft resolutions now before it.

4. Mr. AWOYAMO (Central African Republic) said that his Government regarded general and complete disarmament under effective control as the greatest boon that mankind could hope for. Disarmament would open up magnificent prospects through the resources which it would set free and which, in particular, would help the less developed countries to raise their level of living. It was not premature to prepare for the economic and social consequences of disarmament, for the problem would be solved sooner or later and there were some signs that that difficult but exhilarating task would be accomplished. One token of that was the statement made by the Permanent Representative of the USSR the preceding week before the First Committee (1279th meeting).

5. As the Minister for Foreign Affairs of the Central African Republic had said at a plenary meeting during the current session (1151st meeting), the gap between the industrial countries and the other countries was constantly widening despite the efforts made to close it. The industrial countries possessed fabulous resources which they were squandering on preparations for universal destruction. As the

USSR representative to the Second Committee had pointed out, \$120,000 million was spent on armaments every year, while the developing countries were unable to meet the urgent needs of their growth. Those resources would suffice to establish thirty or forty industrial centres in Asian, African and Latin American countries. Disarmament would offer the world innumerable advantages and material benefits and would save succeeding generations from the horrors of a merciless war. If the nations of the world sincerely desired peace and co-operation, they should speed up the process of disarmament.

6. The delegation of the Central African Republic had carefully perused the study of the Consultative Group, as well as the report of the Secretary-General which were both transmitting that study, and had been struck by their extremely objective character. The draft resolutions and the amendment before the Committee were prompted by the same concern and pursued the same objective, though by different means; that objective was the economic and social advancement which could come about as a result of disarmament. No Power had contested the idea of devoting to peaceful ends the resources now used for military purposes.

7. The USSR draft declaration followed by a draft resolution (A/C.2/L.646) was full of didactic phrases to that effect. It might even be possible to see in it grounds for hope that the resources of the world would be put to the service of mankind and of peace had the Soviet Union's attitude in other international matters not been such as to jeopardize peace. The delegation of the Central African Republic supported the proposal of the United Arab Republic that the two draft resolutions should be combined. If the Committee decided against that course, it would vote in favour of the eight-Power draft resolution (A/C.2/L.647 and Add.1), of which it was a sponsor.

8. Mr. ANJARIA (India) observed that there was general agreement on certain points. Complete, universal and irreversible disarmament would undoubtedly be of enormous benefit to mankind. All nations should strive actively to achieve the ideal of a peace which would give rise to progress.

9. The experts' study showed that, although there would undoubtedly be some transitional problems, there was no need to fear that disarmament would have a harmful effect on the economy. All delegations had rightly stated that part of the resources freed by disarmament should be devoted to economic development, and that was the central idea of the draft resolutions before the Committee. The draft declaration of the Soviet Union suggested measures which could be adopted for the utilization of those resources. Some thought that that was a dream but, as the Pakistani representative had said, it would be wrong to underestimate the value of Utopias and imagination. It must be understood that the problem of economic development could not be solved little by little but required a vast amount of capital and the use of the latest discoveries in technique and planning.

10. The USSR draft declaration could not but be welcomed enthusiastically. It showed that \$20,000 to \$25,000 million a year would enable many countries of Africa, Asia and Latin America to reach within twenty-five years a production level comparable to the present level of the United Kingdom and France. Furthermore, the idea of setting up thirty to forty

industrial and power centres was an important contribution to the general attitude that should be adopted in order to visualize the problem of development together with disarmament.

11. The Indian delegation had been considerably struck by the difficulties which would arise in the immediate future. Governments had a natural tendency not to take action on questions which were not of current interest. But complete disarmament was a task on which individuals, countries and the United Nations should set to work seriously. The eight-Power draft resolution, which gave effect to Economic and Social Council resolution 891 (XXXIV), followed the right course by indicating measures which could be taken in the near future and the plans which industrial countries should make to utilize the resources which would be freed. The operative part of the draft resolution stressed how important it was for the developed countries to redouble their efforts to help the developing countries pending the conclusion of an agreement on disarmament.

12. Several delegations had expressed the view that the two draft resolutions did not contradict one another. The Indian delegation, for its part, considered that the USSR text seemed to be somewhat premature. The Sudanese and Pakistani delegations, and then the Turkish delegation, had suggested that certain parts of the two draft resolutions could be combined in a single text. The USSR draft declaration certainly contained some provisions which were non-controversial and which might be incorporated in the eight-Power draft resolution. On the other hand, he was afraid that if the consultations recommended in the operative part of the draft resolution which followed the declaration were to take place, neither the Secretary-General nor the developing countries would be able to make much progress with them within a reasonable period of time. The Indian Government was deeply absorbed in the immediate problems of development and was anxious to secure practical achievements, such as an advance of 5 to 10 per cent a year. It would certainly be delightful to contemplate multiplying that factor by three or four, and the Indian Government would devote all its efforts towards attaining that result if vast resources were available for the purpose. Unfortunately, that was not the case.

13. Moreover, it was difficult to foresee the economic consequences of disarmament in the industrialized countries, and no one could say exactly what the stages of disarmament would be or how the resources freed would become available. The consultations proposed in the USSR draft resolution could hardly improve that situation. Accordingly, while the Indian delegation felt that the basic ideas of the USSR draft declaration should be borne in mind, it would like attention to be concentrated on the eight-Power draft resolution for the time being.

14. Mr. NARANJO (Ecuador) said that the question before the Committee was linked with the economic development of the developing countries and was of vital importance for more than 2,000 million beings who were suffering from poverty and hunger. The solution to that problem had already gone beyond the theoretical stage and would bring about a revolution in the standard of living of most of mankind. The importance of the question and its repercussions on the economies of the developing countries made it imperative that it should be discussed at the current

session. His delegation had devoted the greatest attention to the report submitted by the Secretary-General and to the statements made before the Committee, whence it was clear that the \$120,000 million spent annually on armaments represented 50 per cent of the world's gross capital formation and at least two thirds of the national income of the developing countries. Enormous sums were being spent for destructive purposes, while the majority of mankind was struggling to improve its living conditions.

15. The study of the Consultative Group established a balance between the positive and negative elements of disarmament and dispelled any doubts that might arise regarding the transition period. He noted that both draft resolutions before the Committee aimed at increasing the assistance given to the developing countries thanks to the resources that would be released by disarmament. His delegation fully supported the eight-Power draft resolution with the insertion of the amendment proposed by the representative of Venezuela at the preceding meeting.

16. His delegation hoped that the armaments race would soon be brought to an end and a lasting peace established, and that the resources thus released would be used for peaceful purposes. That objective was in keeping with the ideals pursued by the United Nations. In point of fact, a permanent peace did not depend on disarmament alone but also on social justice for all the peoples of the world.

17. Mr. LAVENTURE (Dahomey) shared the views expressed by other delegations on the use for peaceful purposes of the resources released by disarmament. Everyone was aware of the vast prospects for co-operation and mutual aid which the conversion of military expenditure would open up and of the fact that the armaments race could lead only to death and destruction. The USSR draft declaration, by its scope and the nature of its suggestions, provided a valuable background for the study of the economic and social consequences of disarmament. The other draft resolution, which endorsed the conclusions of the Consultative Group, could not fail to benefit the whole of mankind. In view of the possibility that there might be two draft resolutions before the Committee and of the fact that both contained positive elements, he proposed that their sponsors should be asked to confer together in order to merge the two proposals into one. Such a gesture would demonstrate the willingness of all to work together to consolidate peace in the world.

18. Mr. IBARRA SAN MARTIN (Uruguay) said that general disarmament would not directly create new resources for those countries which, like Uruguay, maintained only a very small army that was simply a police force. As many delegations had stressed, however, it was important that millions of men should be returned to peaceful and productive activities.

19. His delegation supported the eight-Power draft resolution, especially after the acceptance of the amendment proposed by Nigeria and Pakistan. Although the principal benefits of disarmament would go to the nations which had to bear the expense of an army, the developing countries which needed markets for the products of their growing industries should not be forgotten. His delegation would, however, vote without great enthusiasm, for the draft resolution did not come up to all expectations. It was, of course, necessary to bear in mind the political implications,

and the sponsors had certainly done their best. The Soviet draft declaration, too, had certain merits and his delegation shared many of the views expressed in it. As a Latin American country, Uruguay would be happy to receive hydroelectric installations and factories rather than military aid.

20. Mr. CARRILLO (El Salvador) pointed out that the question before the Committee had already been discussed at Geneva when the Secretary-General had submitted it to the Economic and Social Council at its thirty-fourth session.^{1/} A resolution sponsored by the United States and the Soviet Union had been adopted unanimously at that time. Everyone knew what a burden armies and wars were for States. Hence efforts were being made, through the consideration of the economic and social consequences of disarmament, to lay the foundations for a happy society, free of guns and soldiers, in which all peoples would be assured a better life. The nations must abandon the idea of mutual destruction and endeavour to establish a lasting peace. That goal required that all human resources should be placed at the service of the world. He considered that the Committee was dealing with one of the most important questions of the present epoch, for he did not think that if the \$120,000 million spent for military purposes was devoted to civilian matters, that would automatically solve all the world's problems. The establishment of a lasting peace and a happy life would be to the glory of mankind.

21. His delegation could not take a decision on the draft resolutions at the moment, for it was awaiting instructions from its Government. He himself would gladly support both drafts, but he could not commit his delegation and must therefore postpone his decision.

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)*

22. Mr. SERAFIMOV (Bulgaria) reviewed the long history of the question of sovereignty over natural resources in the United Nations. Turning then to the draft resolution submitted by the Commission on Permanent Sovereignty over Natural Resources (A/C.2/L.654), he noted that the report of that Commission (E/3511) outlined two opposing points of view: that of the Western Powers and that of the developing countries. The capitalist countries of the West were seeking favourable conditions which would allow their investments to go on yielding adequate profits for many years to come, while the developing countries wished to be their own masters and to exploit their natural resources freely as they saw fit. It was therefore not surprising that the Western capitalist countries were generally opposed to the discussion of the question and that no concrete results had ever been achieved. Nor was it mere coincidence that the United States and the United Kingdom had systematically voted against the first three resolutions, adopted at the sixth, seventh and thirteenth sessions

^{1/} See A/5203, chap. II.

*Resumed from the 846th meeting.

of the General Assembly (resolutions 523 (VI), 626 (VII) and 1314 (XIII)).

23. His delegation naturally defended the interests of the developing countries. It therefore went without saying that it found the amendments of the United States (A/C.2/L.668) and the United Kingdom (A/C.2/L.669) unacceptable, for they were designed to consolidate the interests of foreign capitalists in the developing countries, whereas it was precisely those countries' right to sovereignty which should be strengthened, as was stated in General Assembly resolution 1314 (XIII). The amendments proposed by Afghanistan (A/C.2/L.655) and the Soviet Union, (A/C.2/L.670), on the other hand, were in keeping with that recommendation. He felt, in particular, that the amendment of the Soviet Union to paragraph 4 of the draft should be accepted, for otherwise the principle of sovereignty could be spoken about for years without there ever being a document which explicitly recognized it. Some representatives had expressed the view that the draft resolution submitted by the Commission represented a compromise and should be adopted as it stood. While not denying the merits of that draft resolution, his delegation nevertheless felt that it was far from achieving the goals set forth in General Assembly resolution 1314 (XIII).

24. In submitting its amendments, the United States delegation had praised the merits of foreign investments, pointing out in particular that United States capital alone provided a living for about 780,000 workers in Asia, Africa and Latin America. If, however, the role of investment capital was so beneficial, it was hard to see just why the United States and the United Kingdom should fear nationalization—unless perhaps the developing countries were not so grateful as not to prefer nationalization to the advantages that their benefactors claimed to offer them. It would be only too easy to find numerous examples of the exploitation of the developing countries in the report of the Commission on Permanent Sovereignty over Natural Resources or in the Yearbook of National Accounts Statistics, 1961,^{2/} but there was no point in doing so at that juncture. The question was merely whether the Second Committee should adopt a draft resolution which everyone could interpret in the light of his own interests or one that unequivocally recognized the principle of irrevocable sovereignty over natural resources. His delegation considered that the Committee had the obligation to formulate such a principle, while leaving individual countries free to decide to what extent they would take it into account. Those that wished to achieve their development by attracting foreign capital would no doubt create conditions suitable for doing so, but as they might one day realize their mistake, their right to correct it by nationalization or expropriation should be recognized.

25. Finally, some delegations had expressed the view that the draft resolution under study should be submitted to the International Law Commission for examination on the ground that the Second Committee was not the proper body to consider it. That argument had, however, been rejected by the General Committee of the General Assembly at the sixteenth session when it had decided to include that item in the Second Committee's agenda. In reality, that approach was a new manoeuvre aimed not only at preventing the

adoption of the draft resolution, but also at shelving consideration of the whole question of permanent sovereignty over natural resources for many years. His delegation was strongly opposed to that view.

26. Mr. CULLEN (Ireland) said that the permanent sovereignty of States over their natural resources could not be questioned. In the exercise of their sovereignty, States were entitled to nationalize or to requisition natural resources when their interests warranted that course but they should only exercise that right for imperative reasons. In the event of nationalization or requisitioning, investors were entitled to full and fair compensation. Finally, in considering the relationship between permanent sovereignty over natural resources and foreign investment, it was necessary to take into account the wide gap between developed and developing countries, in stages of development and income levels and the important contribution made by foreign investment to economic development. As the Minister for External Affairs of Ireland had already stressed at the 890th plenary meeting of the General Assembly, a policy that had the effect of discouraging foreign investment could have three possible consequences: the resources would remain under-developed; they would be developed at the cost of heavy and sustained sacrifice by the people concerned; or they would be developed by investments of foreign States prompted by political motives and involving serious dangers for the independence of the recipient country.

27. In the view of his delegation, the draft resolution should take into account the importance of the flow of foreign capital and of the maintenance of conditions favourable to it; it should also take account of the rights of investors to safeguards against arbitrary treatment and to full and fair compensation in the event of nationalization or requisition. He felt that the Commission on Permanent Sovereignty over Natural Resources had performed its task well. The problem was not one of defining national sovereignty, which was unquestioned, but of reconciling the exercise of that sovereignty with the legitimate rights of foreign investors. For that reason, his delegation felt that the amendments proposed by the Soviet Union were not helpful, and that their incorporation in the draft resolution would destroy the balance that the Commission had in large measure achieved in drafting the text.

28. As foreign capital was a vital factor in the development of natural resources in the developing countries, those countries should in their own interests guarantee it equitable treatment and provide for full and fair compensation in the event of nationalization, expropriation or requisitioning. It was axiomatic that a balanced resolution should take into account both the sovereignty of States over their natural resources and the important part played by foreign investors and their reasonable right to fair treatment. His delegation entirely agreed with the considerations that underlay the amendments of the United States and the United Kingdom, and it considered that the draft resolution would contribute more effectively to the promotion of international co-operation for the economic development of developing countries if it contained a provision recognizing the principle that agreements freely entered into should be faithfully observed.

29. In addition, he considered that the text of the draft resolution under discussion should be amended

^{2/} United Nations publication, Sales No.: 62.XVII.2.

to some extent for the sake of clarity. The wording of the fourth preambular paragraph concerning the desirability of establishing in advance economic and financial agreements was vague, and the amendment proposed in that connexion by the United Kingdom might be accepted with advantage. In paragraph 2, it was not clear whether the reference to peoples and nations was to specific cases or to all the peoples and nations of the world. In paragraph 3, it would be better to refer to invested rather than imported capital, and his delegation therefore supported the amendment to that effect put forward by the United Kingdom.

30. The representative of Chile had said that the draft resolution would not change the international law on the subject, and his delegation agreed with that view; however, the principles recommended in that text were of vital concern in international law, and it would be inappropriate for an economic committee to pronounce on all aspects of the document being considered. His delegation consequently endorsed the suggestion of France, Ghana and Italy but felt that the matter might more properly be referred initially to the Sixth Committee which could then, if it saw fit, refer the draft resolution and amendments to the International Law Commission.

31. Mr. SÎNU (Romania) wished to stress that the purpose of General Assembly resolution 1314 (XIII) establishing the Commission on Permanent Sovereignty over Natural Resources had been fully achieved, for the Commission had submitted a draft resolution which in its broad outline truly reflected the Commission's terms of reference. His delegation was pleased to note that in both the preamble and the operative part, the draft resolution laid emphasis on recognition of the inalienable right of every State to the free enjoyment of its natural wealth and resources. His delegation also wished to stress the importance of the ideas embodied in paragraphs 7 and 8 of the draft. Despite its merits, however, the text before the Committee was in need of certain drafting improvements, in particular to strengthen the concept of the inalienable right of peoples to the free enjoyment of their natural resources, to proclaim the need to respect that right and to eliminate all cases of its violation. It was with that aim in view that his delegation was endorsing the amendments proposed by the Soviet delegation, in particular those which affected paragraph 4. While, moreover, his delegation felt that the reference in paragraph 3 to the manner of sharing the profits derived from the development of natural resources was useful, it was also necessary to give clear expression to the idea that the economic development of States granting concessions should thereby be promoted and that the sovereignty of States over their natural resources should be fully safeguarded. It would also be fitting to indicate in paragraph 8 that all violations of the principles of the permanent sovereignty of States over their natural resources should be eliminated and that all attempts to usurp that right in any manner whatsoever should be solemnly declared to be incompatible with the principles of the United Nations Charter. In that manner, the requisite conditions would be created for a continuing and accelerated process of economic development and of improvement in the levels of living in the under-developed countries.

32. He considered that the main effect of the amendments proposed by the United States and the United

Kingdom was to deprive the draft resolution of any positive value. Thus, the eighth and ninth amendments of the United Kingdom would tend to favour the continuation of certain conditions which were of advantage to exporters of capital, while limiting or abolishing the rights of States to take decisions on nationalization, expropriation or requisitioning. With regard to the United States amendment, its purpose was to perpetuate conditions in which sovereignty over natural resources could be violated on all kinds of pretexts. His delegation hoped that in the light of the discussions that had taken place in the Second Committee, those two delegations would withdraw the amendments in question.

33. Mr. CARRILLO (El Salvador) said that he could not understand how the question being discussed could be given the title of permanent sovereignty over natural resources. Since a State was sovereign at all times, it was a truism to speak of permanent sovereignty. It should be noted, moreover, that according to its Charter, the United Nations could not intervene in matters which were within the domestic jurisdiction of any State; but the exercise of sovereignty seemed to fall precisely into that category. The fate of investments therefore did not depend on what the United Nations might say but on the guarantees that sovereign States, which had to take instructions from no one, were prepared to offer. He said that as his country's laws provided for expropriation measures, defined the principles that were involved and gave foreign investors every guarantee, it had no problem concerning foreign investments or its own obligations. In any case, the draft resolution appeared to be as useless as it was inoffensive, since it could neither add to nor detract from the sovereignty of States in any degree; that being so, his delegation would have no difficulty in voting for that text as well as for all the proposed amendments.

34. Mr. BRONNIKOV (Byelorussian Soviet Socialist Republic) considered that the results of the work of the Commission on Permanent Sovereignty over Natural Resources showed that the situation in that field was still unsatisfactory. Numerous countries had already spoken of unequal agreements on investments which had contributed to giving up the natural resources of developing countries to the exploitation of foreign companies. If the path outlined by General Assembly resolution 626 (VII) was to be kept to, it must be realized that the draft resolution under consideration, however important it might be, must be improved. The fourth preambular paragraph was poorly drawn up; it must not be suggested that international economic co-operation depended solely on the conclusion of economic and financial agreements, for those agreements must also be based on the principle of equality and of the right of countries to dispose of their natural resources themselves. Sovereignty over resources was not, however, complete unless it was accompanied by the right to nationalize them. While paragraph 4 mentioned that right it did so in an incomplete way and should be replaced by the wording proposed by the Soviet Union in its amendments. Recognition of the right of nationalization was an important victory for nations and should not be attacked. In its present form, paragraph 4 of the draft resolution was far from answering the requirements of the situation; it placed less stress on guarantees for nationalization than on guarantees against it. To require compensation

was to undermine the right of nationalization, for compensation would often make nationalization impossible. What was more, such a practice would be an abuse, because it would force the State to grant a supplementary bonus to the foreign owners for the privilege of having already enriched themselves at the expense of the natural resources of the country concerned.

35. He also noted a contradiction between the operative part of the draft resolution and the fifth preambular paragraph, since giving guarantees to foreign capital was contrary to the principle of national sovereignty. It might be wondered what interests the draft resolution served and whether it did not give more protection to private capital than to sovereign States. It should not, after all, mention the need for compensation in cases of nationalization, since everything depended on the decision of the country concerned. The amendment submitted by the Soviet Union strengthened the position of the countries concerned; the United States amendment, on the contrary, was aimed at making the right of nationalization a purely theoretical one because numerous countries would forego exercising it, owing to their inability to pay compensation in a "prompt, adequate and effective" manner. That amendment, like all the others which were aimed at restricting the sovereignty of States, greatly reduced the usefulness of the draft. The Afghan amendment, on the contrary, would improve it somewhat to the extent that it lessened the obligatory character of compensation.

36. In conclusion, he stressed anew that the United Nations must take its stand beside the countries which were striving to obtain respect for their sovereignty and must energetically condemn all machinations aimed at limiting the exercise of that inalienable right of States.

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

37. Mr. VELARDE DORADO (Bolivia) said that he entirely approved of the draft resolution because it was in accord with the spirit of the Charter and with the two great ideas which Bolivia had always defended, namely, the right to self-determination and respect for the economic independence of States. The ultimate object of the draft resolution was to ensure the international co-operation which was indispensable if the equal rights of States were to be respected. The revolutionary Government of Bolivia had always defended the principle that technical assistance or the investment of private capital should not be carried out under conditions which would damage the interests of the recipient State, and it had always urged that no country should take measures which would prevent another country from determining for itself the method of exploiting its natural resources. It was Bolivia which, with Uruguay, had originated the text which had become General Assembly resolution 626 (VII). Like that resolution, the present draft was aimed at ensuring the maintenance of the flow of capital in conditions of security and in an atmosphere of mutual understanding and economic co-operation.

38. The Soviet Union amendments were not desirable because they did not take into account the fact that the majority of economically backward countries depended, to a greater or lesser degree, on the inflow of private capital for their development and sought

to stimulate it by giving guarantees. In fact, they would make scarcely any progress if they did not mobilize every available means of action. The United Kingdom amendments were likewise unacceptable because they contained regrettable redundancies or introduced concepts which were derived to an exaggerated extent from doctrines of Keynes. As for the United States amendments, they were unfortunate, because they did not recognize the primacy of national jurisdiction, and futile, because no country wishing to attract capital refused to pay compensation. Furthermore, there was no country which would allow its own laws to be regulated for it. The Committee should therefore recognize the almost perfect balance of the draft resolution which had been submitted to it.

39. Mr. AYARI (Tunisia) was not sure that the Second Committee was really competent to pronounce on a complex problem which touched at the same time on economic, legal and social matters. He wondered whether an international body could legislate in a field which came within the scope of national sovereignty, and he would have considered it more normal for such a delicate point to be dealt with essentially by jurists.

40. The text which had been submitted was far from perfect, but it constituted a serious effort to find a balance between the different aspects of the transfer of private property to the State. While his delegation therefore accepted it, it did so without great enthusiasm, for it knew from experience that there was no one solution and that each transfer was a special case. Contracts concluded between a country and foreign investors (from the public or private sector) generally included clauses on transfer, assignment or nationalization and on the payment of compensation or the jurisdiction of courts in case of disagreement. It was therefore difficult to accept the view that the General Assembly should give directions on legal jurisdiction, as was provided for in some of the amendments submitted. Everything depended on the contracts, which varied according to circumstances and on the agreement arrived at between the parties. Even where agreements had been concluded before independence, Tunisia had always been in favour of negotiation and the study of problems from a practical angle. It had itself tried several procedures, from assignment arranged by common agreement to nationalization pure and simple.

41. The flexibility of the methods of property transfer depended on the nature of the property being transferred and was therefore difficult to reconcile with the efforts of the authors of the draft resolution to find an international rule which applied at all times and in all places. Each amendment likewise gave rise to a multitude of problems and would necessitate extremely long commentaries. He supported the delegations which had asked for those amendments not to be discussed in the Second Committee. The Committee could either adopt the draft resolution or pass it on to other more competent bodies. If the amendments were not withdrawn, perhaps it would be possible to reduce them to some generally accepted broad ideas that would improve the text of the draft, which was not, moreover, final and could always be revised elsewhere. Since, in any case, it proposed no concrete action and was simply an affirmation of general principles, the Second Committee should not devote too much time to considering it.

42. Mr. BRILLANTES (Philippines) felt that the Committee's task was to comply with the request of the General Assembly and to continue with the study of permanent sovereignty over natural resources with a view to furthering the economic expansion of the under-developed countries. The General Assembly had clearly indicated that the way to reconcile the concept of sovereignty with that of economic development was to ensure international co-operation, paying due regard to "the rights and duties of States under international law".

43. During the discussions, two ideas had come to the fore: some felt that sovereignty and international co-operation were desirable if not indispensable for developing the under-developed countries; others considered that international co-operation to assist those countries was incompatible with their sovereignty. The question was not sovereignty per se or economic development per se, but the balance that must be found between the protection of sovereignty and the possibility of economic development. Neither of those two elements should be subordinated to the other. Certainly, international co-operation would be impossible without mutual respect for the sovereignty of all the States concerned.

44. Some representatives had proposed that the question should be referred to the International Law Commission and had even contended that the words "people", "nation" and "State" should first be defined. Yet those words appeared both in General Assembly resolution 1314 (XIII) establishing the Commission on Permanent Sovereignty over Natural Resources and in the Charter which nobody had yet asked should be totally revised. Those terms had a well-established connotation at the United Nations and it was pointless to demand a special definition now. Nobody was opposed to the International Law Commission when its intervention was desirable or necessary. Thus, the Commission had been consulted before the United Nations Conference on the Law of the Sea or the United Nations Conference on Diplomatic Intercourse and Immunities had been convened; at that time it had been a question of establishing legal obligations for States. Such was not the case at present, for the draft was not an attempt to legislate on the conduct of States but a means of crystallizing prevailing views and laying down minimum standards. It was in the same category as the procedure which had resulted in the adoption of the Universal Declaration of Human Rights.

45. If it was conceded that all resolutions which had legal aspects had first to be considered by the International Law Commission, would the decisions which it was hoped the forthcoming international trade conference would take on the rights and duties of States with respect to international trade have to be referred to the Commission before they could be applied? Would it also be necessary to communicate to the Commission any eventual disarmament agreement, and was it pointless to hold meetings in an attempt to secure a cessation of nuclear tests? Furthermore, since, under the Charter, the Economic and Social Council was primarily responsible for questions of economic development, the fact that the Council had not referred the question to the International Law Commission indicated that it had not considered such action necessary. Moreover, as the draft resolution included a clause requesting the International Law Commission to speed up its

work on the codification of the topic of State responsibility, it might even be argued that the adoption of the draft would facilitate that body's work. Lastly, since the International Law Commission had been established by the General Assembly, the latter had the right to act directly on all matters which it considered important.

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)*

46. Mr. THAJEB (Indonesia) said that his country, although it was one of the small producers of coffee, had taken an active part in the United Nations Coffee Conference, 1962, because it was convinced of the need to take practical international measures to ease the primary-commodity trade problems which confronted under-developed countries. Despite the few reservations which it had expressed concerning the way in which the Conference had considered the interests of the small producers, Indonesia had that day signed the International Coffee Agreement, 1962, because that constructive text would help to offset fluctuations in commodity prices. His delegation hoped that similar agreements would be concluded for other primary commodities and it would vote for the draft resolution which had been submitted (A/C.2/L.652).

47. Mr. UNWIN (United Kingdom) said that his delegation had joined in sponsoring the draft resolution because coffee was one of the principal products of a large number of countries in different parts of the world. The United Kingdom had actively participated in the United Nations Coffee Conference, had signed the Agreement resulting therefrom and hoped that the greatest possible number of countries would do the same. It also hoped that that Agreement would serve as a model and that its successful application would promote the conclusion of agreements similar in their general conception if not in the details of their provisions. The United Kingdom was convinced that the best method was to consider the situation commodity by commodity, since for different commodities, circumstances were different and different countries were concerned; moreover, a country's interests varied according to whether it was a producer or a consumer, and even according to commodities.

48. Mr. SOUSSAN (Morocco) also supported the draft resolution and, in particular, the model agreement to which it referred; like the United Kingdom representative, he hoped that other agreements would be concluded in the same atmosphere of negotiation. He hoped that all countries, inspired by a spirit of sacrifice and co-operation, would find it possible to become signatories of the International Coffee Agreement.

49. Mr. KADOTA (Japan) said he attached great importance to measures for stabilizing primary commodities, which were the main exports of developing countries. Japan had participated in the international agreements on wheat, sugar and tin and in the meetings of the various international study groups. Its active participation in the United Nations Coffee Conference, when it was neither a

large exporter nor a large importer, was evidence of its desire to co-operate with all countries and to promote the interests of those directly interested in the coffee trade. Japan had signed the International Coffee Agreement and hoped that all the participating countries would take steps to put it into full operation so as to stabilize coffee prices and facilitate the orderly development of the market. He would vote for the draft resolution.

50. Mr. VELARDE DORADO (Bolivia) said that he too would vote for a draft resolution which called upon all States to apply the International Coffee Agreement and to participate in it. Bolivia had signed the Agreement, for it firmly believed that measures of that kind helped to lessen the difficulties caused by the anarchic evolution of commodity prices which impeded the execution of social and economic development plans.

51. Mr. VIAUD (France) welcomed the signing of the International Coffee Agreement which, despite its faults, was a step towards the stabilization of a market which concerned a large number of countries. France had often recommended such a measure in various international bodies. It therefore hoped that the draft resolution which it had co-sponsored would be adopted unanimously.

52. Mr. FINGER (United States of America) said that the importance which his country attached to the signing of the International Coffee Agreement was very clear from the statement made by the head of the United States delegation on 28 September 1962, the date of the adoption of the Agreement. At that time, United States Ambassador Adlai Stevenson had said in effect that few economic agreements were as important as that one, since the economic and social advancement, and the very lives, of millions

of people depended on the stability of the coffee market. The Agreement was more comprehensive than any other commodity agreement, and in order to put life into it and to enable it to survive various pressures, the International Coffee Council would have to perform many important and delicate tasks. It would have to recommend policies concerning production and stocks, ensure that the price objectives of the Agreement were met and that the Agreement did not benefit some of its members at the expense of others, try to persuade States to eliminate tariff, tax or price practices which tended to reduce consumption, and give exporters and importers any guidance and assistance that they needed to comply with their quota obligations. Last and most important, it would have to make plans for the future of the coffee market, because nations whose economies depended on coffee could not intelligently chart their future while anarchy reigned on the market. The Agreement should result in better international co-ordination of coffee production and trade and, indeed, it had little chance of surviving if it failed to do so. Mr. Stevenson had then said that the United States Government, which had on many occasions pledged itself to work for the solution of international commodity problems, intended immediately to seek the early ratification of the International Coffee Agreement and the adoption of the necessary implementing legislation.

53. The United States therefore hoped that the draft resolution which had been submitted would be adopted unanimously. In that connexion, he pointed out that in the revised version that would shortly be distributed, the title of the draft resolution had been replaced by the following title: "International Coffee Agreement, 1962".

The meeting rose at 6 p.m.