

United Nations  
**GENERAL  
 ASSEMBLY**

FIFTEENTH SESSION  
 Official Records



**SECOND COMMITTEE, 705th  
 MEETING**

Tuesday, 6 December 1960,  
 at 2.50 p.m.

**NEW YORK**

**CONTENTS**

Agenda items 12, 29 and 74:	
Report of the Economic and Social Council (chapters II (section I, II and III A, except paragraphs 189-198), III, IV and VII (section I and paragraph 645)) (continued)	
Economic development of under-developed countries (continued):	
(a) International flow of private capital: report of the Secretary-General and recommendations thereon by the Economic and Social Council;	
(b) Question of the establishment of a United Nations capital development fund: report of the Secretary-General;	
(c) Methods and techniques for carrying out a study of world economic development: report of the Secretary-General and comments thereon by the Economic and Social Council;	
(d) Promotion of wider trade co-operation among States: report of the Secretary-General	
Land reform (continued)	
Consideration of draft resolutions (continued) . . . . .	361
Statement by the Rapporteur . . . . .	369

Chairman: Mr. Janez STANOVNIK (Yugoslavia).

**AGENDA ITEMS 12, 29 AND 74**

- Report of the Economic and Social Council (chapters II (sections I, II and III A, except paragraphs 189-198), III, IV and VII (section I and paragraph 645)) (A/4415) (continued)
- Economic development of under-developed countries (continued):
- (a) International flow of private capital: report of the Secretary-General and recommendations thereon by the Economic and Social Council (A/4487, E/3325 and Corr.1-3);
  - (b) Question of the establishment of a United Nations capital development fund: report of the Secretary-General (A/4488, E/3393, E/3393/Add.1-4);
  - (c) Methods and techniques for carrying out a study of world economic development: report of the Secretary-General and comments thereon by the Economic and Social Council (A/4489 and Add.1, E/3379, E/3379/Add.1-7);
  - (d) Promotion of wider trade co-operation among States: report of the Secretary-General (A/4490, E/3389)

**Land reform (A/4439) (continued)**

CONSIDERATION OF DRAFT RESOLUTIONS (A/C.2/L.472/REV.1, A/C.2/L.474/REV.1, A/C.2/L.493/REV.2) (continued)

1. The CHAIRMAN invited the Committee to continue its consideration of the draft resolution on the establishment of a United Nations capital development fund in the revised version (A/C.2/L.472/Rev.1) submitted at the 699th meeting.
2. Mr. KORTEWEG (Netherlands) introduced the amendments sponsored by the delegations of Denmark, Greece and the Netherlands (A/C.2/L.535) to the draft resolution. He noted that agreement had been reached on operative paragraph 2 concerning the establishment of a committee, and said that the amendments' three sponsors had no objection to the number of representatives proposed for the committee, although they considered twenty-five a rather large number.
3. The sponsors of the amendments proposed that operative paragraph 1 should be amended to read: "Decides in principle that a United Nations capital development fund shall be established." The need to take a decision in principle had been stressed by the sponsors of the draft resolution and that decision had never been stated in such an explicit form in any of the General Assembly's previous resolutions. The proposed amendment would therefore be an important step forward.
4. The new paragraph 3 proposed in the three-Power amendment was identical with that contained in document A/C.2/L.514. It embodied three basically sound ideas. First, it was necessary to accelerate the economic and social development of the less developed countries by increased capital investments; that basic principle was stated in a great many resolutions of the General Assembly and of the Economic and Social Council. The second idea, regarding the fullest possible use of existing machinery for international assistance, was based on plain common sense; General Assembly resolution 1219 (XII), concerning the Special Fund, contained a similar provision, and the reference to the Special Fund was justified since that resolution and Assembly resolution 1240 (XIII) referred to the possibility of the Fund entering the field of capital development. However, that question would be one for the committee referred to in operative paragraph 2 of the draft resolution to decide. Thirdly, there was a need to establish close working relationships and effective co-ordination between all organs active in the field of international financing of the economic and social development of the less developed countries. That idea had been expressed in General Assembly resolution 1420 (XIV). The industrial countries and the under-developed countries would have to work in partnership to finance economic development, and the necessary decisions must also be taken in partnership, in order to ensure that the United Nations would be able to

administer large-scale assistance programmes not only on the executive side but also at the legislative level. If there was no certainty on that point, it would be difficult to set up financing programmes.

5. In reply to the questions asked by various representatives, in particular the representative of Iraq, he wished to state that there had been no change in his country's position with regard to assistance. The Netherlands continued to favour increased capital financing of economic development through the United Nations. The Netherlands Parliament had adopted a resolution to that effect as early as 1955. The Netherlands Government had consistently advocated the establishment of a special United Nations fund for economic development. That the Netherlands Government practised what it preached was demonstrated by its financial support of the Expanded Programme of Technical Assistance and the Special Fund.

6. U HLA MAUNG (Burma) said that the three-Power amendments (A/C.2/L.535) were an improvement on the original amendments (A/C.2/L.514). In particular, the fact that the sponsors of the amendments had agreed to include in paragraph 1 the words "Decides ... that a United Nations capital development fund shall be established" had brought their position much closer to that of the sponsors of the draft resolution. The first of the amendments proposed the insertion of the words "in principle" between "Decides" and "that a United Nations capital development fund". There had never been any question of taking precipitate action. The object of the sponsors of the draft resolution was to obtain a decision on the question of establishing the fund, without entering into the specific measures to be taken. They were therefore prepared to incorporate the words "in principle" into their text, on the understanding that the problem must be faced squarely and a decision taken to establish a United Nations capital development fund.

7. There were no objections of principle to the second of the amendments, suggesting the addition of a new operative paragraph 3. However, it specified certain objectives which the committee mentioned in operative paragraph 2 should take into account. If the General Assembly issued directives to the committee, it would have to do so in considerable detail, and the directives provided for in the amendments were not complete. In any case, at the present stage of the Second Committee's work, there was no time for further negotiations on the paragraph and he would therefore urge the sponsors of the amendment not to press the point.

8. The sponsors of the draft resolution had agreed to the amendment to operative paragraph 1 in a spirit of co-operation and they hoped that their revised draft would be acceptable to the Committee.

9. Mr. BOLIN (Sweden), speaking for the sponsors, said that the amendments of the four Powers (A/C.2/L.514) would be withdrawn. However, he reserved the right to explain his vote on the draft resolution.

10. Mr. CARANICAS (Greece) thanked the sponsors of the draft resolution for agreeing to include the words "in principle" in operative paragraph 1, as suggested in the three-Power amendment. The Burmese representative had said that the sponsors of the draft resolution would have no objection in principle to the amendment proposing the insertion of a new

operative paragraph 3, but that it would take too long to draft a text that would be acceptable to all. As the second of the three-Power amendments would in any case appear in the Committee's report, the three sponsors were prepared to withdraw it.

11. Mr. HOLMES (Ireland) expressed the hope that the United Nations would take a decision concerning the establishment of a capital development fund. However, it would first have to be ascertained whether the undertaking had any chance of success. It was possible either to decide to establish the fund immediately or to decide in principle that it should be established. The success or failure of the fund might depend on the decision taken. The representatives who had been working for so many years towards the establishment of SUNFED were naturally somewhat impatient, but their main concern was that the fund should be of practical significance and they would be bitterly disappointed if it lacked the resources it needed to operate effectively. Rather than deciding to establish the fund immediately, it would be better to support the activities of the existing agencies established to facilitate the economic development of the less developed countries, such as the International Development Association.

12. For these reasons his delegation would abstain when the draft resolution was put to the vote.

13. Mr. FRANZI (Italy) said that his delegation would have preferred the amendment to operative paragraph 1 originally proposed in document A/C.2/L.514 to be incorporated in the draft resolution. He had heard the interpretation placed on the words "in principle" by the sponsors of the draft resolution. While they did not feel that those two words would alter the situation and still pressed for the immediate establishment of a capital development fund, the Italian delegation attached great importance to the two words because they created a balance in the draft resolution. He agreed that a decision "in principle" should be taken to establish the fund so that the Committee mentioned in operative paragraph 2 could begin its work as soon as possible. A final decision regarding the fund could not, however, be taken until the sixteenth session of the General Assembly when the Second Committee would have to express its views on the preparatory steps worked out by that committee.

14. Since his Government considered that technical assistance to the under-developed countries should be channelled through the United Nations, and since the words "in principle" had been incorporated in operative paragraph 1, the Italian delegation would vote for the draft resolution. It would point out, however, that such a fund would be unable to operate unless it received the support of the major contributing countries.

15. Mr. AGANAYE (Chad) said that his country attached the greatest importance to the draft resolution under discussion and that his delegation wished to add its name to the list of sponsors (A/C.2/L.472/Rev.1/Add.1).

16. Mr. ROBERTSON (Australia) noted that, as would be seen from document E/3393, the Australian Government's reply to the Secretary-General's inquiry under General Assembly resolution 1424 (XIV) had drawn attention to the Australian delegation's statement to the Second Committee (633rd meeting) in explanation

of its vote on the draft resolution that subsequently became resolution 1424 (XIV). The Australian representative had then stated that his Government's capacity to participate further in programmes of international co-operation and economic development was necessarily limited, and had reserved his Government's position on the establishment of an additional capital development organization until it should be possible to assess whether any other arrangements were required to supplement the International Development Association, which seemed to have the support of the major potential contributors.

17. His Government sympathized with the less developed countries' desire to secure an increased flow of capital assistance, but did not believe that either the timing or the substance of the draft resolution before the Committee was appropriate. Indeed, the reservations expressed in the Australian Government's reply to the Secretary-General had been strengthened. It was still too early to assess the effects of the establishment of IDA, to which Australia was committed to contribute to a substantial degree. Existing institutions within the United Nations family, such as IBRD, IFC and IDA, were already providing what aid was practicable for economic development in the under-developed countries. In that connexion, his delegation would draw particular attention to the recent increase in the capital of the Bank from \$10,000 million to \$21,000 million. By the middle of June 1960, IBRD had made loans totalling over \$5,000 million for use in fifty-three countries and territories. The International Development Association would make funds available on terms considerably easier than those accorded by the Bank and, unlike it, would lend only to under-developed countries.

18. In those circumstances the establishment of a capital development fund as envisaged in the draft resolution would in large measure duplicate the work already being done and would involve additional administrative expenditure. There was no reason to believe that an increase in the number of institutions providing capital for economic development would increase the amount of capital available. For those reasons his delegation would be unable to support the draft resolution.

19. Mr. BOLIN (Sweden) said that his country's position with regard to assistance to the under-developed countries had been clearly formulated in his delegation's statements in the Second Committee and was reflected in, among other things, its support of the Expanded Programme and the Special Fund. His delegation considered, however, that it would be premature to take an immediate decision concerning the establishment of a capital development fund and had therefore joined with three other delegations in submitting the amendment in document A/C.2/L.514. If the capital development fund was established despite the opposition of the major potential contributing countries, its establishment was unlikely to promote United Nations action in the field of the financing of economic development. It would also be necessary to make efforts to co-ordinate the machinery for financing development which already existed within the framework of the United Nations, in order to ensure that the best use was made of all the resources at present available. For those reasons his delegation had been unable to join the delegations of Denmark, Greece and the Netherlands in sponsoring the amendments in docu-

ment A/C.2/L.535. He would have been unable to vote for the amendments if they had been pressed to the vote. For the same reason he would abstain from voting on the draft resolution as now amended, especially as the draft did not contain anything on the important question of co-ordinating the already existing machinery for financing economic and social development in less developed countries. He requested a separate vote on operative paragraph 1.

20. Mr. KAKITSUBO (Japan) said that he understood the attitude of the sponsors of the draft resolution, but pointed out that a capital development fund could not be set up without the active participation of the countries which would have to furnish the bulk of its resources. Those countries had indicated, both in the Second Committee and in their replies to the enquiry circulated by the Secretary-General under resolution 1424 (XIV), that they were opposed to the establishment of such a fund at present; they had also stated that they would not take part in the work of the committee mentioned in operative paragraph 2 of the draft resolution. The draft resolution was therefore unlikely to lead to practical results if adopted, and in the circumstances his delegation would have difficulty in supporting it. That did not mean that Japan was not alive to the need to assist the under-developed countries. It would continue to make the greatest possible contribution to economic development through the existing agencies such as IBRD and IDA. In 1961 it would treble its contribution to the Expanded Programme of Technical Assistance and to the Special Fund. The International Development Association, whose initial capital was much greater than the capital which had been envisaged for SUNFED, would make it possible to assist in financing the economic development of under-developed countries. As IDA could use the staff and machinery of the Bank, it would be able to make the most rational possible use of the limited funds available. It would be wiser to postpone a decision to establish a United Nations capital development fund until the first results of the Association's operations were known.

21. Mr. VIAUD (France) requested a separate vote on the third preambular paragraph of the draft resolution.

22. Mr. ABDALLAH (Ghana) requested a roll-call vote on the draft resolution as a whole.

23. Mr. WODAJO (Ethiopia) requested a roll-call vote on operative paragraph 1 of the draft resolution.

24. The CHAIRMAN put to the vote the third preambular paragraph of the revised draft resolution (A/C.2/L.472/Rev.1 and Add.1).

*The third preambular paragraph was adopted by 65 votes to 6, with 7 abstentions.*

25. Mr. CAMARA SIKHÉ (Guinea), speaking on a point of order, requested a separate vote on the words "in principle" in operative paragraph 1.

26. Mr. GARCIA TEJEDOR (Spain) asked whether a separate vote on the words "in principle" was not equivalent to a separate vote on the first of the amendments submitted by the delegations of Denmark, Greece and the Netherlands (A/C.2/L.535).

27. The CHAIRMAN explained that the sponsors of the draft resolution had accepted the first three-Power amendment, which was thus an integral part of the draft resolution. It was therefore no longer possible

to vote separately on the first amendment in document A/C.2/L.535.

28. Mr. MAHDAVI (Iran) asked the Guinean representative whether he maintained his request for a separate vote on the words "in principle" in operative paragraph 1, in view of the fact that the Burmese representative had agreed on behalf of the sponsors of the draft resolution to incorporate the phrase in question in the draft resolution.

29. Mr. CAMARA Sikhé (Guinea) said that he had not been present at the meeting at which the sponsors had agreed to incorporate the words "in principle". He maintained his request for a separate vote on those words.

30. Mr. CARANICAS (Greece) said that the Guinean representative's comments placed the sponsors of the three-Power amendment (A/C.2/L.535) in a difficult position. He had understood that the sponsors of the draft resolution had accepted the amendment, but the position was no longer clear.

31. Mr. VIAUD (France) said that it would seem from the Guinean representative's comments that the sponsors had not accepted the three-Power amendment unanimously. In the circumstances it would be better to vote first on the original amendment and then on the original text of the draft, unless the sponsors decided to submit a new text.

32. The CHAIRMAN said that as the voting had already begun it was impossible to vote on an amendment which had already been accepted by the sponsors of the draft resolution.

33. Mr. CAMARA Sikhé (Guinea) objected to the assumption which the French representative had just made. It was true that his delegation had not been represented at the meeting of the sponsors, but since the Burmese representative had said that the three-Power amendment had been accepted, that meant that it had been accepted by all the sponsors represented at the meeting. In a spirit of conciliation, therefore, he would withdraw his request for a separate vote on the words "in principle".

*A vote was taken by roll-call on operative paragraph 1 of the revised draft resolution (A/C.2/L.472/Rev.1 and Add.1), as amended.*

*New Zealand, having been drawn by lot by the Chairman, was called upon to vote first.*

In favour: Nigeria, Norway, Pakistan, Panama, Peru, Philippines, Poland, Portugal, Romania, Saudi Arabia, Senegal, Somalia, Spain, Sudan, Thailand, Togo, Tunisia, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, Uruguay, Venezuela, Yemen, Yugoslavia, Afghanistan, Albania, Argentina, Austria, Brazil, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Cambodia, Ceylon, Chad, Chile, China, Colombia, Cuba, Cyprus, Czechoslovakia, Denmark, Dominican Republic, Ethiopia, Federation of Malaya, Gabon, Ghana, Greece, Guinea, Hungary, Iceland, India, Indonesia, Iran, Iraq, Israel, Italy, Jordan, Lebanon, Liberia, Libya, Mali, Mexico, Morocco, Nepal, Netherlands.

Against: Union of South Africa, United Kingdom of Great Britain and Northern Ireland, United States of America, Australia, France.

Abstaining: New Zealand, Sweden, Belgium, Canada, Finland, Haiti, Ireland, Japan.

*Operative paragraph 1 of the draft resolution, as amended, was adopted by 67 votes to 5, with 8 abstentions.*

*A vote was taken by roll-call on the revised draft resolution as a whole (A/C.2/L.472/Rev.1 and Add.1), as amended.*

*The United Kingdom, having been drawn by lot by the Chairman, was called upon to vote first.*

In favour: Uruguay, Venezuela, Yemen, Yugoslavia, Afghanistan, Albania, Argentina, Austria, Brazil, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Cambodia, Ceylon, Chad, Chile, China, Colombia, Cuba, Cyprus, Czechoslovakia, Denmark, Dominican Republic, Ethiopia, Federation of Malaya, Gabon, Ghana, Greece, Guinea, Haiti, Hungary, Iceland, India, Indonesia, Iran, Iraq, Israel, Italy, Jordan, Lebanon, Liberia, Libya, Mali, Mexico, Morocco, Nepal, Netherlands, Nigeria, Norway, Pakistan, Panama, Peru, Philippines, Poland, Portugal, Romania, Saudi Arabia, Senegal, Somalia, Spain, Sudan, Thailand, Togo, Tunisia, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic.

Against: United Kingdom of Great Britain and Northern Ireland, United States of America, Australia, Union of South Africa.

Abstaining: Belgium, Canada, Finland, France, Ireland, Japan, New Zealand, Sweden.

*The revised draft resolution, as amended, was adopted by 68 votes to 4, with 8 abstentions.*

34. Mr. NORINDR (Laos) said that he had been absent during the voting, but would have voted in favour of the draft resolution.

35. Mr. DORSINVILLE (Haiti), speaking in explanation of his vote, said that his delegation had not been convinced by the arguments advanced by those who had fought the old idea of SUNFED, which still preoccupied an even greater number of under-developed countries. The delegation of Haiti, which had been among the first to fight for the establishment of a United Nations capital development fund, had always been disappointed by the hostility which that proposal had aroused among the only States which would be in a position to help millions of human beings to emerge from the wretched conditions in which they lived.

36. Although the efforts already being made by the United Nations to provide financial aid to the under-developed countries were quite substantial, they were still very inadequate. It was therefore essential to create an agency which could, *inter alia*, provide low-interest and long-term loans and would not have to operate according to rigid criteria, as was the case even for the Special Fund. While the loans and subventions granted under bilateral agreements should not, of course, be underrated, those agreements generally conferred advantages on the lenders or donors and placed the recipient countries under obligations which sometimes caused them to change the tempo or direction of their economic development.

37. In its amended form, the draft resolution merely expressed a hope. The delegation of Haiti, which had been prepared to vote for operative paragraph 1 of the



revised draft, had not wanted to vote against the final text of the paragraph because the forty-four sponsors had agreed to change it by substituting the first of the amendments of the three Powers (A/C.2/L.535). The mere fact that some delegations had insisted on including the words "in principle" in that paragraph indicated that they had reservations in voting for it. Accordingly, the delegation of Haiti had abstained in the vote on operative paragraph 1. In its opinion, the content of operative paragraph 3, which deferred any decision on the establishment of a capital development fund until the next session of the General Assembly, sufficed to make the resolution a mild one. Yet the delegation of Haiti could not help having serious apprehensions regarding the future of the draft resolution which had been adopted.

38. U HLA MAUNG (Burma) wished to point out, with regard to the statement by the representative of Guinea, that the sponsors of the draft resolution had given notice of the time and place of their meeting and that the decision taken at that meeting, unanimously or not, had represented the decision of all the sponsors. The statements made by the Burmese representative in the course of the meeting had been made on behalf of the sponsors; and he had asked the sponsors of the amendments not to press their second amendment to the vote solely for the reasons he had given earlier, because the text of that second amendment was not, in his opinion, comprehensive enough.

39. Mr. CAMARA Sikhé (Guinea) recalled that he had challenged the French representative's interpretation of his first statement, and pointed out that he had never said that the decision of the sponsors had not been unanimous. However, the delegation of Guinea did not accept the idea of a respectful request for the establishment of a United Nations capital development fund. The nations with the means of financing such a fund were the very ones which had for a long time held the under-developed countries under colonial rule, and it was their duty now to help those countries to finance their economic development. It was only out of a feeling of solidarity with the sponsors of the draft resolution that the delegation of Guinea had agreed to the inclusion of the words "in principle".

40. Mr. DEWULF (Belgium) said that although his delegation favoured the idea of increasing financial aid to the under-developed countries, it had abstained in both votes because it regarded the decision "in principle" in operative paragraph 1 as premature, inasmuch as the States which were able to contribute most to the financing of a capital development fund were not yet ready to do so. The General Assembly had reached an impasse and it would be futile not to recognize that fact. However, it was a consolation to note that many of the ideas put forward in the Second Committee had made their mark. The debates on SUNFED had undoubtedly contributed to the establishment of new bodies similar in nature to a capital development fund.

41. The CHAIRMAN invited the representative of India to introduce the revised text of the draft resolution on an accelerated flow of capital and technical assistance to the developing countries (A/C.2/L.474/Rev.1).

42. Mr. B. K. NEHRU (India) said that the sponsors had replaced the fourth preambular paragraph by three new paragraphs in order to incorporate various suggestions made during the debate (701st and 704th meet-

ings). In the new text of the fourth preambular paragraph, the sponsors emphasized that the primary responsibility for the economic development of the under-developed countries rested with those countries themselves; in the fifth, they expressed the appreciation of the under-developed countries for the assistance already given them.

43. Operative paragraph 1 had been completely recast to meet the objections of those delegations which had interpreted the original text as imposing a compulsory levy on the economically advanced countries, and to satisfy those representatives who had regarded the original recommendation as a threat to the national sovereignty of States. In the revised text of operative paragraph 1, the sponsors merely expressed a hope, which was not a very ambitious venture; moreover, having abandoned the idea of appealing specifically to the economically advanced countries, they confined themselves to recommending a global increase in international assistance; they had done that in order to meet the position of delegations, like Japan, which had said that their countries could not increase their assistance to under-developed countries so as to reach 1 per cent of their national incomes. Operative paragraph 3 had also been redrafted so that the nature of the measures to be taken was no longer specified. The revised draft of the resolution was so mild that it should no longer give rise to any objections.

44. When introducing the draft resolution (694th meeting), he had never meant to imply that the purpose of the sponsors had been to establish a yardstick by which the under-developed countries would judge the economically advanced countries. Their intention had been rather to establish a criterion by which each nation would judge itself and the world conscience would judge itself. When he had recalled that the United States, France and the United Kingdom, as their delegations had stated, were already contributing at least 1 per cent of their national incomes to assistance to the under-developed countries, he had not meant to suggest that they were the only countries contributing to the financing of economic development. Nor had he ever intended to offend the delegations of Argentina and Spain when he had merely recalled that, 400 years ago, Europe had experienced an influx of gold from the new world.

45. Mr. CHERNYSHEV (Union of Soviet Socialist Republics) regarded the revisions made by the sponsors as an improvement over the original text. The Soviet Union would continue to increase its assistance to under-developed countries, for it enabled them to establish their own industries and helped them to develop their economies. However, the USSR delegation was against the idea of mentioning certain criteria in the draft resolution, such as those referred to in operative paragraph 1. It would therefore abstain in the vote on that paragraph, but would vote in favour of the draft resolution as a whole.

46. Mr. BERNARDO (Argentina) thanked the sponsors for having taken into account the various proposals made during the previous meeting and, in particular, the suggestions made by the Argentine delegation. His delegation was satisfied with the changes made in the draft resolution and with the explanations given to the Committee by the representative of India, and would unreservedly support the draft resolution.

47. Mr. CAMARA Sikhé (Guinea) expressed satisfaction that the revised text of the draft resolution mentioned the responsibility incumbent upon the under-developed countries themselves to create appropriate material and moral conditions for their economic development. While it was true that outside assistance could contribute to economic development, the individual efforts of the under-developed countries were nevertheless of major importance. His delegation would vote in favour of the draft resolution.

48. Mr. HAJOUÏ (Morocco) shared the view expressed by the representative of Guinea and expressed his delegation's satisfaction with the revised text of the fourth preambular paragraph. The Moroccan delegation would vote in favour of the draft resolution.

49. Mr. HASSAN (Sudan) said that the revised text of the draft resolution was more satisfactory than the original version; he was pleased in particular with the changes made in operative paragraph 1 and in the fourth preambular paragraph, where the sponsors recognized that the under-developed countries must themselves create, through their own efforts, the conditions for their economic development. Since their resources were limited, those countries were compelled to call for outside assistance, and they were extremely grateful to the countries which extended aid to them. The granting of such aid should never be accompanied by conditions of any kind.

50. Mr. GREEN (New Zealand) said that the Committee should allow time for the sponsors to confer among themselves and for the other delegations to consult their Governments. He therefore proposed that the Committee should postpone the vote on the draft resolution until a subsequent meeting.

*It was so decided.*

51. The CHAIRMAN drew the Committee's attention to the second revised version of the draft resolution on the improvement of the terms of trade between the industrial and the under-developed countries (A/C.2/L.493/Rev.2).

52. Mr. MEJIA (Colombia) said that the sponsors had incorporated in the revised draft most of the suggestions which had been made to them during the debate (700th meeting). The changes made in the text did not alter its meaning. The sponsors had confined themselves to improving the drafting of the preamble and amplifying operative paragraph 1, in which they now recommended that the Council and the Commission on International Commodity Trade should study, in addition to agreements among States, other measures to extend and improve markets for the sale of primary commodities. That was the only important change contained in the revised text.

53. Mr. DANGEARD (France) welcomed the draft resolution which, it might be said, dealt with commercial assistance to under-developed countries. That type of assistance was particularly valuable, because it involved active participation on the part of the recipient countries and enabled them to derive greater benefits from their own production efforts. His Government had always shown great concern for the stabilization of commodity prices and had sought to provide stable access to the French market for commodity-exporting countries. With that end in view, it had concluded agreements with various African countries and with the Malagasy Republic whereby it granted

those countries compensatory financial aid in the form of advances paid into national funds set up in each country which made it possible to guarantee producers the greatest possible price stability. The agreements also called for commercial assistance in the form of an undertaking by France to import commodities from the countries concerned in stipulated quantities at a price that was usually higher than the world market price and was negotiated with those countries.

54. Another type of assistance affecting some North African countries involved the conclusion of commercial agreements under which each of the two parties provided the other with profitable markets. Thus, France undertook to purchase commodities in predetermined quantities at prices which were usually higher than the world price and were also predetermined.

55. Obviously, such types of assistance had their limits. The commercial aid in question was granted within a broader economic framework, that of the Franc Area. The parties were bound together by a certain community of interest and had to guard against causing sudden price fluctuations which would have unfortunate consequences for all. The commercial aid which France granted to certain countries under such agreements also took account of world economic conditions and did not preclude participation by the French Government in other agreements, such as the international sugar and wheat agreements.

56. His delegation interpreted operative paragraph 1 as meaning that the Commission on International Commodity Trade should continue to carry out the work programme it had adopted at its eighth session, which entailed, *inter alia*, the study of various measures to prevent price fluctuations. The fact that at its next session the Commission was to give special consideration to compensatory financial measures did not mean that it could not also consider the question of commodity agreements, which was also included in its work programme.

57. His Government attached great importance to the question of compensatory financial measures, which was to be studied by a group of experts set up pursuant to General Assembly resolution 1423 (XIV). The experts should take account of the fact that the Commission on International Commodity Trade had, at its eighth session, given them fuller terms of reference<sup>1/</sup> than those set out in General Assembly resolution 1423 (XIV).

58. Mr. HASSAN (Sudan) said that he was grateful to the sponsors of the draft resolution for drawing the Committee's attention to one of the factors which was most essential to the expansion of world trade. Although it was admittedly the under-developed countries which must make the greatest effort to promote their own economic development, it could not be emphasized too much that trade was the only means available to them for increasing their foreign exchange earnings so that they could obtain the capital goods required for their economic development. While the transport problem, foreign exchange problems, and the fact that they were not very familiar with market conditions caused them difficulty, it was the deterioration in their terms of trade which did most to limit both their opportunities for development and the expansion of world trade. The

<sup>1/</sup> See E/3383, paras. 84-88.

foreign exchange losses suffered by the under-developed countries as a result of the deterioration of the terms of trade were, in fact, greater than the amount of outside aid which they received. It was essential to study the forces which undermined the bargaining power of the under-developed countries in the world market. That was why he fully endorsed the idea of recommending that the Economic and Social Council and the Commission on International Commodity Trade should intensify the study of the measures referred to in operative paragraph 1. As the President of the Board of Trade of the United Kingdom had pointed out, the industrialized countries, which were becoming increasingly aware of their obligation to contribute to the development of the under-developed countries, must provide the latter not only with aid but, above all, with markets for the products, including both primary commodities and manufactured goods.

59. Mr. RITTER AISLAN (Panama) said that no delegation could be indifferent to the draft resolution under consideration, which contained no complicated provisions and whose sponsors confined themselves to requesting the Economic and Social Council and the Commission on International Commodity Trade to study measures for dealing with the instability of commodity prices and the deterioration in the terms of trade of the commodity-exporting countries. Panama shared in the economic distress suffered by so many countries as a result of the imbalance between commodity prices and the prices of manufactured goods. His delegation would therefore vote for the draft resolution.

60. Mr. PAYNE (United States of America) agreed with the Colombian representative that the unfavourable terms of trade of many under-developed countries hampered their economic and social development. He did not feel, however, that the imbalance between the prices of the products they exported and those of the merchandise and other goods which they needed to import was the only factor responsible for that state of affairs. Another important factor was the decrease in the volume of exports of certain commodities resulting from changes in consumer preferences and from substitutions caused by technological advances. Another major element was the desire of the under-developed countries to hasten their industrialization and their need to import high-cost capital goods for that purpose. The imbalance between supply and demand in the case of such commodities as grains, coffee and fuels also tended to depress the prices of those commodities.

61. In his Government's view, the problem of the imbalance in the terms of trade of the under-developed countries could not be solved simply by concluding international or bilateral agreements, and it was to be feared that that imbalance would persist for some time. Indeed, export earnings had to be supplemented by outside capital, both public and private. That was not a new approach, and it was one that had proved useful to such highly industrialized countries as the United States and Canada in the course of their development. In that connexion, he drew the Committee's attention to paragraph 38 of the report of the Commission on International Commodity Trade on its eighth session (E/3383).

62. His delegation would support the draft resolution for it felt that every effort should be made to find practical solutions to the complex and pressing problems which confronted the under-developed countries.

The intensification of relevant studies by the United Nations, the specialized agencies and other inter-governmental organizations such as GATT would unquestionably lead to the discovery of practical solutions advantageous to all parties concerned. With regard to GATT, it was encouraging to note the increasing interest shown by Governments at recent meetings of that body in measures to improve the under-developed countries' balance of trade, such as increasing the consumption of primary commodities and removing barriers to increased consumption of those commodities, particularly in the field of quantitative restrictions, tariffs and internal fiscal charges.

63. Mr. RODRIGUEZ (Chile) commended the Colombian and Costa Rican delegations for introducing a draft resolution that was of great significance to those under-developed countries which, like Chile, exported primary commodities and were concerned at the deterioration in their balance of trade. His delegation would vote for the draft resolution.

64. Mr. HERZI (Somalia) said that he fully endorsed the ideas set forth in the draft resolution. In view of the observations made by the United States delegation, he wondered whether it might not be advisable to substitute the words "one of the greatest economic development problems" for the words "the greatest economic development problem" in the first preambular paragraph. The imbalance between export and import prices was not the only problem involved.

65. Mr. CAMARA Sikhé (Guinea) agreed with the comment of the Somali representative. Improvement of the terms of trade was one of the problems facing the under-developed countries. Those countries were also faced with the problem of finding markets for their products, which was a particularly vital matter for the former colonies. Increased export earnings would enable them to obtain needed capital goods, and improvement of the terms of trade would help to maintain world economic and political stability. His delegation would vote for the draft resolution, which gave the Economic and Social Council and the Commission on International Commodity Trade an opportunity to consider what measures should be taken to improve the market for primary commodities.

66. Mr. PROKOFYEV (Union of Soviet Socialist Republics) said that his delegation would vote in favour of the draft resolution. The imbalance between the prices of primary products and the prices of manufactured goods had been the subject of many discussions, and was still an urgent and important problem. The decline in the prices of raw materials was detrimental to the interests of the under-developed countries, whose export earnings were thereby reduced. The Secretary-General had stated at a meeting of the Council that a reduction of 5 per cent in export prices was equivalent to a whole year's foreign aid. According to other estimates, a reduction of 4 per cent in the price of raw materials cancelled out the aid provided by the Western countries. It was generally agreed that export earnings played a considerable part in financing the economic development of the less developed countries, and that the deterioration in the terms of trade and the constant fluctuations in the prices of primary products were extremely injurious to those countries. The Soviet delegation felt that the United Nations and its various organs should continue to study that important question, and work out positive measures to

improve the terms of trade, and thereby the economic situation, of the under-developed countries.

67. Mr. APODACA (Mexico) said that he was grateful to the two delegations which had submitted the important draft resolution under discussion. There was no need for him to re-emphasize that the fluctuations in commodity prices and the deterioration in the terms of trade were a serious matter for the under-developed countries. The Mexican delegation would vote in favour of the draft resolution. It might be better to specify in operative paragraph 1 that the agreements referred to were multilateral, since, in his delegation's view, those were the only kind of agreements that would lead to the establishment of fair commodity prices.

68. Mr. KAKITSUBO (Japan) expressed his approval of the revised text of the draft resolution, which showed a greater appreciation than the original text of the work undertaken by the international organizations. At its fourteenth session, the General Assembly had adopted resolution 1423 (XIV), which recognized that the United Nations and the specialized agencies should expand their work in promoting the stabilization of the commodity markets and the development of reciprocally beneficial multilateral trade. During the current session, the Second Committee had adopted a draft resolution on concerted action for economic development (A/C.2/L.461/Rev.4) and another on the strengthening and development of the world market and improvement of the trade conditions of the economically less developed countries (A/C.2/L.471/Rev.2). A committee had been set up by GATT to study the expansion of the trade of the under-developed countries.

69. Japan's economic development depended on the stability and expansion of its foreign trade, and many of the countries with which it traded were primary producers. Development of trade brought an increase in export earnings which was essential for the implementation of development plans, since trade was the best means of financing the economies of the under-developed countries. It was to be hoped, therefore, that the studies called for in operative paragraph 1 would lead to measures being devised to extend and improve markets under reciprocally beneficial conditions. The expansion of world trade could be achieved only through the free movement of goods, and all artificial barriers to trade should be swept aside. The Japanese delegation would vote in favour of the draft resolution.

70. Mr. KAUFMANN (Netherlands) welcomed the initiative taken by the sponsors of the draft resolution. He understood "agreements among States" to mean multilateral or inter-governmental agreements, such as those already in existence. He agreed with the representative of France that the work of the group of experts appointed under General Assembly resolution 1423 (XIV) to assist the Commission on International Commodity Trade could be of great value in studying the problems raised in the draft resolution.

71. Mr. CARANICAS (Greece) said that he was grateful to the delegations which had raised the important question of improving the terms of trade. He stressed the importance of paragraph 38 of the report of the Commission on International Commodity Trade, quoted by the United States representative, which referred to the deterioration in the terms of trade and stressed the need for action designed to increase the consump-

tion of primary commodities and facilitate structural adjustments towards diversification in primary producing countries. It was also interesting to study table 2 of that report in conjunction with the Commission's conclusion that the terms of trade of primary-producing countries had declined in comparison with the previous year and had been at their lowest level since 1951 (E/3383, para. 36). The recent GATT publication International Trade 1959 also contained an interesting study on the prices of primary commodities and manufactured goods. In view of the importance of the question it raised, the Greek delegation would vote in favour of the draft resolution. He thought that the words "and the Commission on International Commodity Trade" should be deleted from operative paragraph 2, since the Commission reported to the Council, not to the General Assembly.

72. Mr. DUDLEY (United Kingdom) recalled that his country was a member of the Commission on International Commodity Trade. The development of trade was of great importance to the under-developed countries, whose export earnings depended on the volume of their sales and the price of their products. The United Kingdom was in favour of multilateral trade, which afforded great flexibility and ensured the best use of resources. In that way, each country was free to sell to those countries which wanted its products, and to use its export earnings for purchases in the cheapest market.

73. The fourth preambular paragraph of the draft resolution was not sufficiently clear. It was presumably not the intention of the sponsors that the existing agreements should be amended, as the present text might seem to imply. They probably meant that the existing agreements were satisfactory and that similar results could be obtained through the conclusion of agreements on other commodities. It would therefore be better to replace the words "and might be broadened on new bases more favourable" by the words "with similar favourable results". As for operative paragraph 1, it should be noted that the Commission on International Commodity Trade had been requested to study a number of different questions at its next session; for example, it was to make a study of the question of compensatory financial measures. It was presumably not the sponsors' intention to ask the Commission to drop studies already scheduled and take up others. It would therefore be better, in the English text of operative paragraph 1, to replace the words "in particular" by the words "inter alia".

74. Mr. MEJIA (Colombia) said that the sponsors of the draft resolution were prepared to accept the textual changes requested by the representatives of Somalia, Mexico and Greece. He regretted, however, that he could not agree to the United Kingdom representative's suggestions, which would alter the sense of the draft. He had explained, when introducing the draft resolution (700th meeting), how the fourth preambular paragraph should be understood. The object of agreements between States should be not only to stabilize prices, but also to improve the economies of the under-developed countries; such a development would be beneficial to the industrial countries, and the aim of the draft resolution was to improve world economic conditions as a whole. The sponsors were also anxious to retain in operative paragraph 1 the words "in particular", which emphasized the need for studies on agreements between producing and consuming coun-



tries. Some agreements, such as the International Coffee Agreement, concerned the producing countries alone, and the consuming countries were not parties thereto. That was the state of affairs which the sponsors of the draft resolution wanted to remedy. The United Nations had taken no part in the conclusion of the International Coffee Agreement; the initiative had been taken by the producing countries. By contrast, the international agreements between producers and consumers in the case of sugar, wheat and tin had enabled the prices of those commodities to be stabilized. It would contribute to the development of the economies of the under-developed countries and of the world economy as a whole if such agreements became the general rule.

75. Mr. DUDLEY (United Kingdom) said that he entirely agreed with the representative of Colombia on the value of single-commodity agreements between producing and consuming countries. The General Assembly, in its resolution 1324 (XIII), urged Governments of Member States to examine, on a commodity-by-commodity basis, the question of what measures might be desirable and feasible in offering solutions to particular commodity problems. It also recommended the principal producing and consuming countries to give consideration to the possibility of becoming parties to existing international arrangements. In view of the explanations given by the Colombia representative, he would not press the amendments he had proposed.

76. Mr. WOULBROUN (Belgium) said that he was not satisfied with the wording of the fourth preambular paragraph. Efforts to conclude single-commodity agreements had been going on for years, but it was notoriously difficult to extend such agreements to certain commodities. The word "Noting" should therefore be replaced by the words "Expressing the hope". The text of the paragraph would be improved if it was worded:

"Expressing the hope that agreements similar to the international agreements concluded between producers and consumers in the case of sugar, wheat and tin might be concluded in the case of other primary commodities and implemented on a wider basis more favourable to the under-developed countries."

77. Mr. MEJIA (Colombia) said that he would accept the wording proposed by the representative of Belgium.

78. Mr. GREEN (New Zealand) said that operative paragraph 1 could be interpreted to mean that the studies requested of the Economic and Social Council and the Commission on International Commodity Trade would be concerned with commodity-by-commodity agreements. These were of admitted importance for certain countries and certain products; but the phrase "agreements among States" left the question of interpretation open. His was a broader one. New Zealand was very familiar with the question of primary products, and knew from experience that world trade could best be promoted by multilateral trade, which allowed

the exporting countries to spend their export earnings as they wished. The principal agreement among States for this purpose was the General Agreement on Tariffs and Trade. The Contracting Parties were conducting studies on several aspects of the expansion of the trade of the primary producing countries and the under-developed countries, and were particularly concerned with the question of high revenue duties and agricultural protectionism. His delegation felt that the studies called for by the draft resolution should, if possible, draw attention to the GATT studies and the possibility of agreements among States for reducing such duties and moderating agricultural protectionist measures. Agreements along these lines and the wider application of the most-favoured-nation clauses of GATT, ensuring the freest possible entry for primary commodities, would foster the expansion of commodity trade. He hoped CICT would use its influence to encourage extension of agreements amongst States which would favour the expansion of multilateral trade rather than bilateral trade in the narrow sense. In the light of that interpretation, the New Zealand delegation would vote in favour of the draft resolution.

79. The CHAIRMAN put to the vote the revised draft resolution (A/C.2/L.493/Rev.2), as amended.

*The draft resolution, as amended, was adopted unanimously.*

80. Mr. GURINOVICH (Byelorussian Soviet Socialist Republic) said he hoped that the New Zealand representative's interpretation of the most-favoured-nation clause did not mean that his Government was going back on a communiqué announcing that New Zealand and the Soviet Union proposed to conclude an agreement under which the two parties would accord each other most-favoured-nation treatment.

81. Mr. GREEN (New Zealand) said that negotiations between New Zealand and the Soviet Union for the resumption of trade relations between the two countries had been going on for six or seven years; New Zealand had offered to accord the Soviet Union most-favoured-nation treatment, but had so far been unable to obtain an assurance that New Zealand exports to the Soviet Union would enjoy the same treatment.

82. Mr. IRWIN (Canada) said that his delegation had voted in favour of the draft resolution, although it felt some doubt as to the exact meaning of the fourth preambular paragraph. It was unfortunate that the sponsors of the draft resolution had felt unable to accept the amendment proposed by the United Kingdom.

#### STATEMENT BY THE RAPPORTEUR

83. Mr. AHMAD (Pakistan) (Rapporteur) suggested to the Committee that, in his report, he should group the draft resolutions according to the subjects dealt with, and not according to the order of submission.

*It was so decided.*

The meeting rose at 6.45 p.m.