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MEETING**

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Chairman: Mr. Jorge Pablo FERNANDINI
(Peru).

GENERAL STATEMENTS (continued)

1. Mr. YASSEEN (Iraq) said that it was becoming increasingly apparent that economic development was a matter of concern to the whole international community. The institutionalization of the United Nations Conference on Trade and Development (UNCTAD) had confirmed that fact and had helped to convince world opinion that the problem of development was a matter for international concern. Developed and developing countries must work together to solve that problem. In particular, the efforts of the developed countries must not be considered sacrifices. They were required as a matter of international solidarity and an enlightened view of the interests of all, including the developing countries. Some progress had been made, but more was needed to strengthen the world economy.

2. He hoped that the second session of UNCTAD would reach agreement on certain specific subjects. In preparing for that session at the forthcoming ministerial meeting of the group of seventy-seven developing countries at Algiers and the meeting of the Organization for Economic Co-operation and Development, the developed and developing countries, which had worked together since 1964 in various UNCTAD bodies, should even now try to find common ground. The good-will missions, composed of representatives of the group of seventy-seven developing countries, which were to visit certain developed countries after the Algiers meeting and before the second session of UNCTAD, were steps in the right direction. The second session of UNCTAD must provide a setting for co-operation and not opposition or confrontation.

3. Despite the recommendations of the first session of UNCTAD, tariff and non-tariff barriers continued to impede the developing countries' exports. At the fifth session of the Trade and Development Board, the representatives of the developing countries, justifiably disappointed by the results of the Kennedy Round of negotiations, had expressed the hope that the countries which had participated in those negotiations would continue their discussions before the second session of UNCTAD, with a view to protecting the developing countries' interests. In any case, an effort should be

made at the second session of the Conference to liberalize trade.

4. The targets of the first United Nations Development Decade would clearly not be reached, but determined efforts should be made to accelerate development before the end of the Decade. The experience gained would prove useful for the second development decade, for which specific objectives and appropriate means of attaining them should be defined. He agreed with the view expressed by the Under-Secretary for Economic and Social Affairs (1109th meeting) that it would perhaps be desirable for the General Assembly, at its current session, to proclaim the second decade, whose success would depend largely on the sacrifices made by developed and developing countries alike.

5. Iraq was engaged in a development drive and its second five-year plan, now in progress, had already brought about a measure of progress. The Arab countries were promoting economic co-operation among themselves, for which purpose they had established the Council of Arab Economic Unity in June 1964. However, they had suffered a serious setback owing to the disastrous effects of the aggression committed by Israel and the illegal occupation of the territories of Jordan, Syria and the United Arab Republic. The international community must put an end to that situation, which constituted a flagrant violation of the Charter of the United Nations.

6. Mr. BROWN (Sierra Leone) observed that bilateral aid, the Final Act of the first session of UNCTAD^{1/} and General Assembly resolution 2209 (XXI) all testified to the fact that the developing countries could not solve their development problems single-handed. The developed countries too, must play their part if harmony was to prevail in international relations. It was time to pass from words to deeds and implement the Economic and Social Council's resolutions. He therefore endorsed the views expressed at the forty-third session of the Council by the Secretary-General of the United Nations^{2/} to the effect that efforts must be made to create a more favourable trade and aid environment for the developing countries in preparation for the second session of UNCTAD, where the work begun at the Kennedy Round ought to be completed. All participating countries should carefully examine the progress made and go to the second session of the Conference with concrete suggestions regarding the implementation of the first session's recommendations.

^{1/} See Proceedings of the United Nations Conference on Trade and Development, vol. 1, Final Act and Report (United Nations publication, Sales No.: 64.II.B.11).

^{2/} See Official Records of the Economic and Social Council, Forty-third Session, 1480th meeting.

7. Trade was essential to the developing countries; foreign exchange earnings not only stimulated domestic investment and had a multiplier effect on national and per capita incomes, but also helped to build the infrastructure necessary for higher levels of living. Multilateral and bilateral aid was stagnating, but even more disquieting was the fact that most aid imposed a heavy repayment burden on the recipients. Aid should be granted on more liberal terms. The report of the Secretary-General (E/4375) provided interesting information on factors affecting the ability of developed countries to provide resources to the developing countries. It was gratifying to note that some developed countries had expressed the desire to grant aid on more liberal terms, and he hoped that all the developed countries would follow the example set by the Canadian representative in his statement at the 1569th plenary meeting of the General Assembly. Of course, the developing countries must regulate their economies and increase their production capacity, but it was difficult for them to make real progress within the existing pattern of international trade. It was therefore essential to create a world economic climate conducive to the implementation and expansion of national economic development plans.

8. He hoped that work on the Secretary-General's important study entitled Implementation of Development Plans: Problems and Experience which constituted Part One of the World Economic Survey, 1966^{3/} and related studies would be intensified on the practical lines recommended by the Committee for Development Planning. Emphasis should be laid on evaluating the progress of plan implementation. He also hoped that the Secretary-General's work to facilitate planning for concerted international action would succeed, and looked forward to his proposals concerning ways and means of accelerating the developing countries' economic growth.

9. Multilateral food aid should be provided free and, failing that, the developing countries' foreign exchange problems should be taken into account in the implementation of any multilateral food aid programme.

10. His country, which was a signatory of the Convention on the Settlement of Investment Disputes between States and Nationals of other States, took a keen interest in the promotion of private foreign investment in developing countries and valued the contribution which such investment could make.

11. His delegation had read with interest the thirty-third report of the Administrative Committee on Co-ordination.^{4/} Commendable efforts were being made, but much more must be done if the scant resources available to the United Nations were to be used to the best advantage. More must be done to implement practical projects, and a minimum of time and money should be spent on preliminary work such as surveys and appraisal missions.

12. Mr. JANSZ (Ceylon) said that it was vitally important that the economic problems of developing countries should be dealt with at the international level. In his country, for instance, economic growth

during 1966 had slowed down to an almost marginal level, largely for reasons beyond the Government's control. Export earnings had fallen off by approximately \$50 million owing to the decline in world market prices for primary commodities, whereas import prices had increased by 9 per cent over those of the previous year, with the result that Ceylon's terms of trade had deteriorated by 13 per cent. The balance-of-payments deficit had compelled his Government to deplete external reserves to a precariously low level. Unfortunately, of the sums pledged to his country as foreign aid, only one half had been received during the year. The cumulative effect of all those developments had been that the gross domestic product had risen by only 1.9 per cent in 1966 which, when adjusted for population growth, was equivalent to a net decline in per capita terms. Per capita income had, in fact, remained static at \$130 during the preceding ten years.

13. It was therefore obvious that the closing of the trade gap was a matter of primary importance to his, as to all developing countries. All the efforts being made to increase domestic production and reduce dependence on imports were being nullified by the forces operating at the international level to reduce the prices of developing countries' raw material exports and raise those of their imports. It should be remembered, too, that narrowing the trade gap could eventually eliminate their dependence on foreign aid.

14. The efforts so far made to implement the recommendations of the first session of UNCTAD had been disappointing. As the Secretary-General of UNCTAD had pointed out, developed countries were becoming increasingly self-sufficient by expanding domestic production of both natural and synthetic products. Attempts to conclude inter-governmental commodity arrangements had met with little success and commodity prices had been falling steadily.

15. His delegation believed that diversification should be an element of international commodity policy. In the developing countries, in particular, the development of a strong industrial sector was of vital importance. A planned approach and correct decisions on priorities were essential and his delegation therefore welcomed the establishment of the United Nations Industrial Development Organization (UNIDO), which would assist the developing countries in that respect.

16. Those countries had been disappointed by the failure of the developed countries to increase the flow of financial resources to the minimum level recommended by UNCTAD; the volume of such transfers had, in fact, levelled off, the terms of financing had hardened and appeals to replenish the resources of the International Development Association (IDA) had gone unheeded. It should be borne in mind that the need of the developing countries—many of them former colonial territories—for aid had arisen largely as a result of historical circumstances and they could not be blamed for their poverty. The ultimate result of the unwillingness of the richer countries to share with the poor nations could only be the degeneration of both, and the granting of aid was therefore an act of enlightened self-preservation on the part of the donors. His delegation also hoped that some means could be found of eliminating the administrative delays

^{3/} United Nations publication, Sales No.: 67.II.C.1.

^{4/} Official Records of the Economic and Social Council, Forty-third Session, Annexes, agenda item 17, documents E/4337 and Add.1 and 2.

in the supply of aid which so often caused unnecessary disruption in the recipient countries' programmes.

17. His delegation welcomed the recently approved plan for creating special drawing rights in the International Monetary Fund (IMF). It was to be hoped that the scheme would come into operation in the near future and that the new liquidity so created would lead to more liberal trade and payments policies. The proposal in the report of the UNCTAD Group of Experts on International Monetary Issues^{5/} on a link between new International liquidity and development financing had not yet been accepted in the discussions between the ten member countries of IMF belonging to the Group of Ten and IMF. His delegation also hoped that proposal and the study on supplementary financial measures^{6/} would be given serious consideration by the international financial institutions.

18. Mr. WANKHEDE (India) observed that, despite the fact that the targets set for the United Nations Development Decade had been by no means ambitious, the developing countries were farther from achieving them than they had been at the beginning of the Decade. The steady decline in the flow of external resources, as a percentage of the national income of the developed countries, was continuing and the terms on which those resources were supplied remained harsh. Progress towards implementation of the UNCTAD recommendations was painfully slow. In short, the gap between rich and poor nations continued to widen year by year.

19. The lessons drawn from the failure of the United Nations Development Decade should be translated into a practical plan of action for the future or what might be called a global strategy of development. Any such strategy must include measures to regain lost momentum of international aid. The developing countries' efforts to mobilize their resources should be adequately supported by the international community through trade and aid. That such support was needed was amply demonstrated by the Secretary-General's report on the international flow of long-term capital and official donations, 1961-1966 (E/4371 and Corr.1). The report showed that the growing debt service burden of the developing countries was such that the net amounts available for development had decreased. It was thus regrettable that little progress had been made towards executing the recommendations of General Assembly resolution 2170 (XXI) of 6 December 1966 on easing the terms of development loans or towards replenishing the funds of IDA. Those funds should, in fact, be increased progressively each year.

20. The developing countries welcomed the new IMF special drawing rights scheme because new international liquidity would lead to more liberal trade and aid policies on the part of the industrialized countries. It was in the interests of the developing countries that balance-of-payments difficulties should not compel the economically advanced countries to pursue restrictive trade and aid policies. A further opportunity for international co-operation in develop-

ment financing would arise when the United Nations Capital Development Fund went into operation in 1968 and his delegation hoped that the industrialized countries would approach it in a spirit of understanding and good-will.

21. As matters stood, the developing countries were almost entirely dependent on their export earnings to finance their essential imports, yet the share of those countries in total world exports had fallen from one third to one fifth in the previous fifteen years. Even the success of the Kennedy Round was expected to bring much smaller benefits to the developing than to the developed countries. It was therefore to be hoped that further work by the Kennedy Round negotiators on the trade problems of developing countries would be completed before the end of the year.

22. The second session of UNCTAD would provide an opportunity for negotiating plans of action on specific issues. Matters on which preparatory work was sufficiently advanced to enable real progress to be made included liberalization of trade in primary commodities, supplementary financing, financing of buffer stocks, trade expansion, economic co-operation and integration among developing countries—with the support of developed countries—and trade relations between countries with different economic and social systems. Moreover, the establishment of a general system of preferences by the United States of America would be one way of facilitating access for developing countries' products to the markets of developed countries. The developing countries hoped that the example of the Algiers meeting would encourage the latter countries to make similar preparations for the second session of UNCTAD.

23. The forthcoming International Symposium on Industrial Development would provide a basis for a strong and effective programme of action for UNIDO. That Organization was intended to be action-oriented and it was to be hoped that it would be provided with the necessary financial resources to carry out that programme.

24. His country had launched its fourth five-year plan in 1966. During the period covered by the three previous five-year plans, it had achieved an average rate of growth of 4 per cent and had made considerable advances in all economic sectors. Production of food grains in the current year was expected to reach the record level of 90 million tons and it was hoped that India would be self-sufficient in food by 1970-1971. Moreover, by using a strategy of basic investment to exploit industrial resources and lessen dependence on foreign aid, the growth rate of industry had averaged 10 per cent over the previous fifteen years, with considerable diversification of the industrial structure.

25. Similar headway had been made in developing the infra-structure. Installed generating capacity had increased at least fourfold and transport facilities had more than doubled. Health facilities had greatly improved and the number of children attending school had risen from 23 million in 1950 to 68 million in 1966. Rapid population growth was, of course, a major problem, but a recent programme was expected to reduce the birth rate from 41 per thousand to 25 per thousand within the coming ten years.

^{5/} *International Monetary Issues and the Developing Countries: report of the Group of Experts* (United Nations publication, Sales No.: 66.II.D.2).

^{6/} *Supplementary Financial Measures—a study requested by the United Nations Conference on Trade and Development, 1964* (International Bank for Reconstruction and Development, Washington, D.C., December, 1965).

26. His delegation shared the deep concern expressed by earlier speakers about the hardship suffered by Arab countries as a result of the Middle East war and urged the United Nations to give priority to requests for assistance.

27. In conclusion, he expressed the hope that the rich countries would act with foresight and invest in the collective future of mankind by improving the lot of the developing countries. The sacrifices required of them were small indeed; they would undoubtedly yield rich dividends and would do much to obviate world tension and unrest.

28. Mr. BOIKO (Ukrainian Soviet Socialist Republic) said that international relations, particularly between States with different economic and social systems, could only return to normal through peaceful co-existence, a principle which the Ukrainian SSR had upheld since the Socialist Revolution of 1917. In pre-revolutionary times, the economy of the Ukraine had been largely dependent on foreign capital: while foreign companies had exploited the country's mineral and other resources, the peasants had lived in feudal conditions. Following the Revolution, private ownership of land had ended and large collective farms with modern machinery had been established: as a result, gross farm production in 1966 had been 170 per cent higher than in 1913. The ownership of industry had also passed to the people, and industrial production in 1966 had been forty-three times higher than in 1913. Today, the Ukrainian SSR led all European capitalist countries in the production of steel, cast iron, iron ore, oil and other important items, and was forging ahead with the development of light industry, agriculture and food production.

29. Economic advancement in the Ukraine had been achieved without external assistance, through the mobilization of domestic resources and fraternal co-operation with other Soviet republics and Socialist countries. All attempts by foreign imperialists—intervention, economic blockades, the Hitlerite invasion and "cold war" tactics—to impede the economic and social progress of the Ukrainian SSR had been defeated by the determination of the Ukrainian people. The Ukrainian SSR needed no external assistance to implement its development plans; its desire for normal economic relations between States was based on the realization that such relations meant peaceful co-existence and mutual benefit.

30. The alternative to peaceful coexistence was war and destruction. The aggressive wars unleashed by the United States in Viet-Nam and by Israel against the Arab States were examples: both were directed against young States and the aggressors shared the same interests and supported each other. Israel's aggression against the Arab States served the interests of Western countries which depended heavily on oil from the Arab States of the Middle East, and which sought to suppress the national liberation movements of the Arab peoples, who were justly demanding a greater share in the profits of foreign oil monopolies. Although Iraq and Syria had recently succeeded in increasing their share in the profits of the Iraq Petroleum Company, other monopolies from the United States, United Kingdom and Netherlands continued to amass enormous profits. In that connexion,

it was significant that only the United States, the United Kingdom and some other capitalist countries had refused to endorse General Assembly resolution 2158 (XXI).

31. In their anxiety to retain the profits of oil monopolies and to undermine the growing political and economic independence of the Arab States, the United States and the United Kingdom had turned to Israel as their instrument in the Middle East. On the very eve of the Israel aggression, an article in the magazine U.S. News and World Report of 5 June 1967 expressed the fear that Israel might become the last remaining friend of the United States in the Middle East, and that territories in which millions of United States dollars had been invested might be controlled by hostile Arab Governments. Israel's role as the defender of United States oil interests in the Middle East explained why the Western countries had provided Israel with vast resources and armaments for its aggression and had then helped it to enjoy the fruits of aggression.

32. Like the Hitlerite invaders of the Ukraine, Israel was now robbing the United Arab Republic of its oil resources in the Sinai Peninsula, justifying its action on the ground of "occupation rights". By its occupation, Israel was depriving the United Arab Republic of £170 million and Jordan of £50 million per year, and Syria of equally large amounts. In addition to lost income, untold economic damage had been done to those countries. Israel must be compelled to withdraw from the territories which it had seized and to bear the responsibility for the economic consequences of its aggression. That could be achieved if the developing countries showed sufficient solidarity in the matter. The Ukrainian SSR was prepared to support the Sudanese proposal that the Secretary-General should prepare a report on the economic consequences of Israel's aggression and its effects on the welfare and economic development of the victims of that aggression.

33. His delegation shared the anxiety of the developing countries regarded the continuing deterioration in their terms of trade, their mounting balance-of-payments deficits, and the intensification of discriminatory measures by a number of developed countries and their economic groupings. The developed capitalist countries, and particularly the United States, continued to discriminate in their trade with the Soviet Union and other Socialist countries for political reasons, and the normalization of trade relations between countries with different economic and social systems remained an urgent need. Unfortunately, only the theoretical aspects of the problem had been discussed in the Trade and Development Board so far, and it was therefore essential that practical measures to implement the principles and recommendations of the first session of UNCTAD should be worked out at the second session. The latter would also have to deal with such matters as trade in primary commodities and manufactures, economic co-operation between developing countries, easier access for the latter to the markets of developed capitalist countries, and the elimination of tariff and other barriers to trade.

34. Particular attention should be paid to social and economic reforms, the mobilization of domestic human, material and financial resources, and regional

economic co-operation among developing countries. Economic development in the developing countries could only be achieved by the full mobilization of their internal resources.

35. Mr. DEVENDRA (Nepal) said that the Committee's debates in recent years had brought into focus the problems confronting the developing countries and the measures they proposed to adopt to overcome them. Unfortunately, the failure of the developed countries to provide the capital needed by the developing countries for the attainment of the growth targets set for the United Nations Development Decade had resulted in a series of fruitless dialogues. In his statement of 2 October (1109th meeting), the Under-Secretary for Economic and Social Affairs had identified the problems facing the world economy and had pointed out the beneficial effects which the Kennedy Round and the recent agreement on international liquidity would have. Despite certain favourable trends in the developing countries, the deceleration in their rate of growth was so rapid that it cancelled out their achievements. Their efforts to improve their physical and human infra-structures were hampered by the lack of adequate external resources; moreover, their exports of capital in the form of debt servicing were rising disturbingly, while the inflow of capital and technical assistance remained static. Thus, despite their efforts to mobilize internal resources, they had fallen far short of the growth targets set for the United Nations Development Decade.

36. Their capacity to import had been further reduced by the fact that the prices of imported capital goods had risen much more steeply than the prices of their primary commodities. Richer countries should therefore accord high priority to the flow of development assistance. In that regard, special consideration must

be shown towards countries in the earlier stages of development. Although Nepal was grateful to those countries which had given it liberal development assistance, it was distressing that such international agencies as the International Bank for Reconstruction and Development continued to show indifference to countries at the earlier stages of development. That policy naturally gave rise to doubts on the part of those countries as to the usefulness of such agencies and Nepal therefore placed great faith in the interest-free or low-interest long-term loans that might be obtainable from the United Nations Capital Development Fund. The Fund should immediately initiate a survey of the economic requirements of developing countries.

37. The developed countries had failed to implement the recommendations of the first session of UNCTAD. Further impetus would probably be provided by the second Conference, at which the developing countries should prepare a global strategy of development for the second development decade. Nepal welcomed the conclusion and entry into force of the Convention on Transit Trade of Land-locked States, but it was regrettable that many coastal transit countries had failed to sign the Convention, while other had not yet ratified it. The lack of generosity shown by the latter towards their own kind could hardly strengthen the demands addressed to the developed countries for tariff concessions and the elimination of quota restrictions; mutual trade relations between developing countries must be improved.

38. He hoped that the issues which he had outlined would be given due consideration and that the dialogue between the developing and the developed countries would yield more fruitful results in the future.

The meeting rose at 12.30 p.m.

