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CONTENTS

Agenda item 38:

*United Nations Conference on Trade and
Development: report of the Trade and De-
velopment Board (continued). 287*

Chairman: Mr. Jorge Pablo FERNANDINI
(Peru).

AGENDA ITEM 38

United Nations Conference on Trade and Development:
report of the Trade and Development Board (con-
tinued) (A/6703/Add.1, chap. I; A/6714, A/6879,
A/6904, A/C.2/237, A/C.2/239)

1. Mr. REKORO (Madagascar) said that, at the 1146th meeting, the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD) had deplored the negative results of the United Nations Development Decade and defined the basic elements of a genuine development policy in the light of what should be called the global strategy for development and international co-operation. He wished to assure the Secretary-General of UNCTAD of his Government's confidence and of its support for his tireless efforts to ensure the triumph of justice and equity.

2. Three years had already elapsed since the first session of the Conference, on which so many hopes had been built and which was to have marked the beginning of a new economic order and laid the foundations of a future development charter. It was now evident that the promising decisions of the first session of UNCTAD had been illusions and empty words. The gap between the rich and the poor was widening; the economic growth of the developing countries was slowing down; their indebtedness was increasing; their terms of trade were deteriorating, with a resultant decrease in the purchasing power of their exports; no new commodity agreement had been concluded for three years, and the developed countries had tightened their protectionist measures.

3. Today, however, the developing world had expressed its wishes unambiguously and was calling for changes in the economic and commercial system which governed the present world. At the ministerial meeting of the group of seventy-seven developing countries held at Algiers in October 1967, his country's Minister of State for Foreign Affairs had denounced the harmful nature of the law of supply and demand. The Charter of Algiers (A/C.2/237), adopted at that meeting, had been introduced to the Committee at the 1154th meeting, and his delegation reaffirmed its

unconditional support for the objectives which it set forth.

4. Madagascar, an agricultural country whose economy was based on five or six commodities, was particularly sensitive to a constant fall in the prices of raw materials. The importance of export earnings in financing the development of such countries was a matter of common knowledge. But if economic growth was to be accelerated, such earnings would not only have to be maintained, but increased. Under the present marketing system, the producing countries lived in dread of price variations on the distant markets which they had no means of influencing. The first aim was, therefore, the fixing of fair and remunerative prices for the producers. Exports of raw materials from the developing countries had increased in quantity, but had declined in value. A genuine and fair reorganization of the market was therefore essential. That could, however, only be brought about by the satisfactory implementation of international measures to supervise the commodity market (guaranteed stable outlets for all countries, the establishment of buffer stocks, and a supervised scheme for the marketing of surpluses). Some developing countries needed the benefit of special measures with regard to the primary commodities they produced; they should be guaranteed firm and stable outlets and even granted preferential outlets.

5. Where the financing of development was concerned, suitable measures should be taken as quickly as possible to ensure that new transfers of capital would no longer be tied. Where the repayment terms or loans previously granted to the developing countries differed from those offered by the International Development Association (IDA), such loans should be given careful study with a view to working out equitable arrangements for payment of interest. His delegation fully supported the idea of setting up a multilateral interest equalization fund.

6. Because of its geographical position, his country was mainly concerned with seaborne imports and exports. Consequently, it was particularly interested in the question of freight rates and in the study of the establishment of consultation machinery between ship-owners and carriers. It was also interested in further surveys of the structure of freight rates, port improvements, etc. It wished to see the work of UNCTAD's Committee on Shipping continued, and hoped that the results would be communicated to the countries concerned so that they could apply them at the local level.

7. His Government attached the greatest importance to the forthcoming negotiations in New Delhi. It hoped that the Conference would make a positive contribution

to the struggle against under-development and the promotion of international economic relations resting on sounder conditions.

8. Mr. EGUINO (Bolivia) expressed his delegation's gratitude to the special mission sent to the General Assembly by the ministerial meeting of the group of seventy-seven developing countries which had, in the Charter of Algiers, given concrete expression to the views and aspirations of the developing countries. It also congratulated the Secretary-General of UNCTAD on the valuable work he was doing.

9. The fifth session of the Trade and Development Board had been a very important preliminary to the New Delhi Conference. In its resolution 39 (V) (see A/6714, annex I), the Board had drawn up a provisional agenda for the second session of the Conference including, among other things, consideration of the problems in world trade and development (among which were the special problems of the land-locked countries), commodity problems, the expansion and diversification of exports of manufactures and semi-manufactures of developing countries, invisibles and shipping, trade expansion among developing countries, and the economic integration of those countries. The last-mentioned subject was of particular interest to his country, which had just joined the Latin American Free-Trade Association and which was an active member of the sub-regional group set up by the Andean and Pacific countries and of the sub-regional group of countries in the River Plate basin.

10. There was no doubt that the present situation called for positive action by the States Members of the United Nations. The improvements in international trade expected by the developing countries had not materialized and present trends still favoured the most developed countries. The constantly increasing interdependence of nations meant, however, that no country could be self-sufficient. Its well-being and its very existence were endangered by the inequality which prevailed in the modern world. While it was true that the developing countries must not fail to do their part, the main effort must undoubtedly be made by the highly developed countries, whose understanding and altruism were more than ever the key to the creation of propitious conditions for the peaceful and progressive coexistence of peoples, regardless of their economic, social or political system, on a basis of social justice and economic prosperity.

11. He welcomed the fact that the provisional agenda for the second session of the Conference included a discussion of the recommendations and other provisions of the Final Act of the first session of UNCTAD.^{1/} In that connexion, the Conference should discuss ways of converting the documents drawn up in 1964 into enforceable instruments of a universal and binding nature which all countries would be required to implement.

12. With regard to primary commodities, his country was particularly anxious to see a stabilization of rates of exchange and markets which would guarantee it steady income and enable it to make the necessary

investments and mobilize its domestic resources. It therefore welcomed resolution 36 (V) of the Trade and Development Board, in which the Secretary-General of UNCTAD was asked to prepare a draft general agreement on commodity arrangements for consideration at the second session of the Conference.

13. It was to be hoped that, as a result of the New Delhi Conference, concrete solutions would be evolved to the problem of the marketing of the developing countries' commodities in the industrialized countries and to the problem of the availability of technical know-how and sources of capital to those countries. The Conference should seek to reach agreement on the fundamental principles of a system of general and non-discriminatory preferences for manufactures and semi-manufactures of the developing countries, study the debt-servicing problem of those countries and the question of supplementary financing, with particular reference to the special difficulties experienced by the least developed countries.

14. The Secretary-General of UNCTAD had expressed his conviction that the second session of the Conference would make a decisive contribution to the establishment of a global strategy for development and international co-operation. His country would continue to share actively in the common effort, as it had already done during the drafting of the charters of Tequendama and Algiers.

15. Mr. MURGESCU (Romania) said that his delegation welcomed the report of the Trade and Development Board (A/6714). The studies made by the UNCTAD secretariat were noteworthy for their excellent analysis of the major problems of international trade and for their realistic approach to preparations for the second session of the Conference. It also welcomed the agreement between UNCTAD and GATT on the joint International Trade Centre (see A/6879), which should soon be able to begin operations.

16. The Charter of Algiers (A/C.2/237) strengthened the hope that positive results could be achieved at New Delhi on a series of problems which were of concern to most countries of the world. The Romanian Government was considering the document carefully and hoped to be able to make a positive contribution to the success of the forthcoming Conference.

17. The transition from the stage of discussion to that of practical action—which was universally agreed to be necessary—was difficult in view of the many conflicting interests and views regarding international trade. Romania believed that, in order to find a satisfactory solution to those problems, all the interests involved must be fully studied and all the possibilities explored. Negotiation alone could produce solutions acceptable to all the parties concerned. In that connexion, Romania was considering the question of commodity agreements. Since it was both an importer and an exporter of primary commodities, it fully appreciated the complexity of those agreements and the need to find just solutions that would effectively contribute to the stabilization of the world market, above all, for the benefit of the developing world. Romania was also prepared to support the adoption of measures to facilitate the export of manufactures and semi-manufactures from all countries in the

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

process of industrialization, as well as the improvement of international financing. It was gratified by the inclusion in the Charter of Algiers of its proposal regarding supply of equipment on credit for which repayment could be made in goods manufactured in the recipient country. Experience had convinced Romania that that was a useful and advantageous solution for both partners; such a complementary measure could be included among a group of measures to promote development. Romania favoured any solution that would free world trade from the artificial barriers and discriminatory practices that still persisted, and would open the way as widely as possible to equitable international trade. Its position on the matter had been more fully defined by the Secretary-General of the Central Committee of the Romanian Communist Party at the session of the Grand National Assembly of Romania in July 1967.

18. The specific measures to be adopted in various areas should be co-ordinated in a global strategy for development, since they might otherwise lose in effectiveness. Such a strategy for development nevertheless implied the recognition and adoption of certain fundamental rules which should govern economic relations between States, particularly mutual respect for national independence and sovereignty, for equal rights and for non-interference in the affairs of other States. Those principles were even more imperative in the case of negotiations to co-ordinate the interests of countries which not only had reached very different stages of economic development, but also had different social and political systems. Realistic and generally acceptable solutions had to be founded on respect for the economic system of each partner and on his exclusive right to manage his own affairs. Full international solidarity and a propitious climate for negotiations could be established only on such a foundation of mutual respect. It was thus unfortunate that the various United Nations bodies, including the Trade and Development Board, had made no progress in the matter. Romania sincerely hoped, however, that definite progress would be made at New Delhi.

19. Since it was a goal of the Conference to promote world trade relations, the Romanian delegation believed that all States engaged in international trade should work towards achieving that goal. But, as a result of a discriminatory policy, some States, such as the People's Republic of China and the German Democratic Republic, had not been invited. That situation was particularly absurd in view of the fact that those two countries were important trading partners of many countries taking part in the Conference.

20. He was convinced that, despite the difficulties still to be overcome, the New Delhi negotiations would reveal a unanimous desire for concerted action.

21. Mr. GOLDSCHMIDT (United States of America) said that by agreeing on the provisional agenda for the second session of UNCTAD and on the questions it might profitably explore, the Trade and Development Board had done its job faithfully and well at its fifth session.

22. He rejected the innuendoes regarding his Government which the Minister for Foreign Affairs of Algeria

had made in his presentation of the Charter of Algiers at the 1154th meeting, but was heartened by the statement made by the representative of Yugoslavia at the same meeting, which might be regarded as the beginning of the dialogue promised for the New Delhi Conference. The decision taken at Algiers to dispatch goodwill missions was also encouraging. The United States looked forward to meeting the mission to North America and to studying the Charter of Algiers in the light of its observations. It was to be hoped that the developing countries would give similarly sympathetic attention to the views being developed by the Western industrialized countries in the Organization for Economic Co-operation and Development (OECD).

23. There was no single solution to the problems of primary commodities. The United States attached particular importance to improving market access for such products and believed that the developed countries should work together for that purpose. In the case of tropical products, of which the developing countries were the sole producers, it should surely be possible to progress towards duty-free status. While the second session of UNCTAD could identify the key issues in that area in the context of trade liberalization, it should also consider means of expanding such trade among the developing countries themselves and of enabling them to strengthen the competitive position of their products in world markets. It was true that for some of those commodities, it might be necessary to resort to international agreements which, to be successful, would have to be developed on a commodity-by-commodity basis. In that connexion, the United States had high hopes for the resumed United Nations Cocoa Conference. As a result of bilateral discussions and an understanding between the United States and Ghana, the members of the UNCTAD Cocoa Consultative Committee had reached an agreement on the essential elements of an international cocoa agreement. In view of the agreement on both prices and the measures needed to stabilize the world cocoa markets, the United States was optimistic regarding the outcome of future negotiations.

24. However, the United States attached less importance to some of the other items relating to commodity problems on the Conference agenda. It was doubtful whether useful conclusions could be reached by an abstract discussion of buffer stocks or of their financing, or of diversification funds which had only a limited application to commodity agreements. In the area of diversification, the United States was seeking through its bilateral aid programme to encourage diversification in the developing countries which produced primary commodities, since it regarded that as a more promising approach to the problem of diversification.

25. With regard to manufactures and semi-manufactures, the developing countries had generally attained a higher export growth rate than the UNCTAD secretariat had considered necessary to meet the minimum growth rate of 5 per cent set for the United Nations Development Decade. In the United States, imports of such commodities from the developing countries had risen by 18.5 per cent per annum between 1961 and 1965. However, those statistics

obscured certain facts, namely, that only a handful of the developing countries exported manufactured goods in quantity, that the United States absorbed one third of them and that those manufactures constituted only 15 per cent of the developing countries' exports. It was important to help more developing countries supply a greater range of manufactures, to lower trade barriers and to remove obstacles to those exports. His delegation agreed that it was desirable to eliminate quantitative restrictions and other non-tariff barriers. The United States applied almost no quantitative restrictions to imports of manufactures.

26. However, improvement in the terms of access to the developed countries' markets for manufactured products must come also from further reduction of customs tariffs. To be sure, the Kennedy Round of negotiations, which some developing countries had described as disappointing, had benefited mostly the major trading countries. But the developing countries had had an opportunity to put forward requests for concessions on a great many articles and the developed countries had agreed to make tariff reductions on 79 per cent of the items listed, most of those reductions to equal or exceed 50 per cent. The United States had made concessions to developing countries covering \$900 million of exports. The United States had originally set as a goal in the agricultural negotiations the same tariff reduction as for industrial products. While that has not proved possible, the results had been far from negligible. In the Kennedy Round of negotiations, specific arrangements had been made enabling developing countries to state their legitimate interests in the process of liberalization of international trade, and those interests had been taken into account. Moreover, the end of the road had not been reached. The United States believed that the process of tariff reduction on the most favoured nation basis must be continued, but it was pursuing discussions with other industrialized nations on a system of temporary, generalized, non-reciprocal preferences. Unfortunately, many developing countries would not be able to take advantage of that system because they did not produce the products the preferences might cover. That was why the United States has placed such emphasis on providing trade promotion assistance and supported the speedy inauguration of the joint GATT/UNCTAD International Trade Centre.

27. In the field of finance, there was fortunately an Agreed Statement on the Problems of Development, which was adopted in April 1967 by the UNCTAD Committee on Invisibles and Financing related to trade^{2/} and which identified the most important of the development problems. Those were all difficult questions, but it could be reasonably hoped that progress would be made towards their solution in UNCTAD and elsewhere.

28. The United States had taken a number of measures to improve development finance; it had participated actively in the formulation of the "target" in OECD for the terms of lending and had continued to lend on very favourable terms. It had also made significant contributions to the International Bank for Reconstruction and Development (IBRD) and IDA, the regional

development banks and the United Nations Development Programme, and had kept its capital markets open for the Bank. It was very carefully considering other measures suggested in the Agreed Statement.

29. With respect to the relations between external and internal resources, the organization of the relations between donors and recipients of development assistance had been most successful. The machinery of the inter-American system had been improved and strengthened and new forms of co-operation were developing elsewhere in the world.

30. Finally, the United States agreed that there was a need to deal with the problems of supplementary finance. The expansion of the compensatory financing facilities of the International Monetary Fund (IMF) was a significant step in an adjacent area. He regretted that more progress had not been made by the Inter-governmental Group on Supplementary Financing in reconciling different points of view on supplementary finance, but he continued to hope that the New Delhi Conference would result in further advance.

31. The diversity of resources in the developing countries called for differing solutions to the common problem of increasing the productivity and the well-being of their people. The Charter of Algiers properly assigned to the developing countries the primary role in their development.

32. The apathy which had been evident some years previously had disappeared. It had been replaced by impatience and discontent, and he hoped that those sentiments could be channelled into the continuous effort required to meet the challenge of development.

Mr. Attiga (Libya), Vice-Chairman, took the Chair.

33. Mr. MWEMBA (Zambia) remarked that the aims of the second session of UNCTAD were on the whole similar to those of the first. That disheartening fact showed that the principles and recommendations of the Final Act had for the most part not been realized. Consequently, at New Delhi, UNCTAD should prepare for a new development decade in a more realistic manner, basing itself, as its Secretary-General had recommended, on the example of Japan and the socialist countries.

34. Although great progress had been made in the liberalization of trade, the volume and terms of trade of the developing countries had continued to deteriorate. The drop in the prices of primary commodities and the rising costs of imports had added to those countries' difficulties. In volume, the sales of their primary commodities had increased by only 5.5 per cent per year during 1960-1965, as against the 9.5 per cent per year rise in the export volume of manufactured goods. Although the average price level of primary commodities had not changed in 1960-1966, it had nevertheless been between 5 and 10 per cent below the average for 1955-1957. Moreover, global figures tended to conceal the gloomier price figures for individual commodities, such as cocoa, sugar, rubber and tea. The second session of UNCTAD should create or strengthen appropriate machinery for the achievement of the financial goals set out in the report of the Trade and

^{2/} See Official Records of the Trade and Development Board, Fifth Session, Supplement No. 3, annex II.

Development Board (A/6714) and the Charter of Algiers (A/C.2/237). The countries of the Third World had had more than their share of unkept promises; as exemplified by the new part IV of GATT on trade and development and the Final Act of UNCTAD and, as the President of IBRD had rightly pointed out, the gap that really mattered was the gap between what the developed countries said and what they did.

35. Among the questions to be dealt with by the second session of the Conference, his delegation would give high priority to an agreement between the developed and the developing countries on the stabilization of export prices of primary commodities. His delegation favoured negotiations on a commodity-by-commodity basis. The price agreed on should be sufficient to gain the foreign exchange necessary for the vital goods for development programmes, while not being so high as to induce substitutions. Lastly, commodity agreements should not conflict with supplementary financing. The results of the Kennedy Round of negotiations, which had been mainly to the advantage of the advanced countries, confirmed the present trend towards a rapidly increasing trade among the industrialized countries. Moreover, the great scientific and technological progress of the industrial countries threatened even the indirect benefits which the developing countries might have reaped. The expanded trade opportunities in chemicals, for example, resulting from the Kennedy Round, would certainly accelerate the present tendency for replacement of primary commodities by synthetics. He hoped that the subject would be dealt with at the second session of the Conference, in the light of the recommendations made in the Charter of Algiers.

36. As stated in the Charter of Algiers, trade expansion and economic co-operation among developing countries were an essential element of a global strategy for development. Zambia, for its part, was doing all it could to expand trade with its peaceful neighbours. His delegation welcomed the co-operation between UNCTAD and FAO and hoped that a joint UNCTAD/FAO working party on forest and timber products would soon be set up. It also welcomed the proposed UNCTAD/GATT International Trade Centre. As many developing countries were handicapped by the lack of trained personnel in export promotion, UNCTAD should take steps to expand the limited training courses conducted by GATT.

37. In conclusion, he thanked the maritime States which had ratified the Convention on Transit Trade of Land-locked States and expressed the hope that more such States would ratify the Convention.

38. Mr. WODAJO (Ethiopia) thought that there was a large measure of identity in the hopes which the developing and the developed countries placed in the second session of UNCTAD. In the circumstances, it was natural to emphasize that mutuality of interests and, avoiding sterile confrontation, to use it as a basis for positive action. Isolated measures would not suffice. The decisions taken by the second session of the Conference should be part of a global strategy for development, covering the entire spectrum of economic and social development. It would thus be necessary for the Conference to accomplish two

seemingly contradictory tasks: to evolve specific programmes of action with respect to trade problems; and to place such action in the framework of a global strategy. As the two approaches could not be separated, it was important not to allow the idea of a global strategy to become a bogey that would divert the Conference from the objectives it had set for itself.

39. Recognition of the reciprocity of interests in the economic relations of the international community had not gone beyond the stage of high-sounding and quickly forgotten pronouncements. Nevertheless, the link between the maintenance of peace and security and general economic and social well-being, affirmed by the framers of the Charter of the United Nations, had been amply demonstrated by history. The economic backwardness of the Third World was bound to retard the expansion of international trade. In some cases, it might even cause industries in developed countries to operate under capacity, result in inflation and balance of payments difficulties, and certainly hamper the rise of levels of living.

40. At the same time, the public in the industrialized countries was not well informed of development problems. In many of those countries the question of trade, especially of tariffs, seemed to be in the sphere of influence of well organized vested interests. That state of affairs should be remedied, and UNCTAD and other institutions in the United Nations family could play a decisive role in that respect. While not setting itself too ambitious a goal, the United Nations should seek to rouse to action public opinion leaders in the industrialized countries. The case for a world-wide campaign to underscore the mutuality of interests of all the nations of the world seemed to be a compelling one.

41. A modest start had been made on the elaboration of a global strategy for development seven years earlier with the proclamation of the United Nations Development Decade; but, as the Secretary-General of UNCTAD had said, all that had been done at that time had been to state objectives without formulating policies. The development charter proposed by the representative of the Netherlands (1129th meeting) undoubtedly represented a step forward. However, a global strategy was out of the question without political commitments on the part of all the countries concerned. After recalling the measures recommended in the Charter of Algiers regarding commodities, he emphasized that the smaller developing countries were not in a position to benefit from commodity arrangements, which would inevitably have to take into account the present structure of world production. Such arrangements might actually limit a small country's chances of developing production of a particular commodity, and it might not be in a position to embark on other kinds of production. It was well known that a number of African countries fell into that category, and his delegation hoped that the problem would be given all due attention at the second session of UNCTAD. Of course, in the final analysis, only regional integration could solve the difficulties of those countries.

42. With regard to the export of manufactures and semi-manufactures, the Charter of Algiers suggested

that the general system of tariff preferences on a non-discriminatory and non-reciprocal basis should be extended to imports from developing countries. That proposal aimed at enabling developing countries to take advantage of the conditions generally prevailing in trade between industrialized countries. The second session of UNCTAD should also examine conditions and techniques of financial aid for development in the light of the needs of the developing countries. Quantitative objectives should be established, however difficult that might be. His delegation endorsed the proposal for the establishment within UNCTAD of a permanent committee whose task would be to study the problems of trade expansion among developing countries. It hoped that, when fixing their domestic prices, the socialist countries would take more account than they had in the past of the need to increase consumption of imports from developing countries. The problems relating to shipping and freight rates were of vital importance for the trade of the developing countries. It was natural that they should aspire to equitable treatment and technical assistance in such matters. In conclusion, he stressed that the solution of the fundamental problems of trade and economic growth was inseparably linked with the inauguration of a more equitable division of labour between developing and developed countries.

Mr. Fernandini (Peru) resumed the Chair.

43. Mr. ÇUHRUK (Turkey) said that the statements of the Secretary-General of UNCTAD (1146th meeting) and the Minister for Foreign Affairs of Algeria (1154th meeting) had set forth clearly the role and objectives of the second session of UNCTAD. After it had become aware of the serious situation in the developing countries, the international community had decided four years earlier to hold the first session of the Conference. Nevertheless, in spite of the new organization's efforts, the developing countries had not made any notable progress. In certain respects their situation had even grown worse. The reports of the Trade and Development Board on its fourth and fifth sessions (see A/6315/Rev.1 and A/6714) and the preamble of the Charter of Algiers (A/C.2/237) showed that the growth rate of the developing countries had slowed down; their share in world exports had perceptibly declined, as had the purchasing power of their exports. Their debt service payments amounted to very considerable sums. His delegation shared the view expressed by the Secretary-General of UNCTAD that the hopes raised by the first session of the Conference had been frustrated because its decisions had not been supported by a global strategy for development. The first session of UNCTAD had succeeded in formulating principles and recommendations, but not the policies necessary for their implementation. That should be the primary aim of the New Delhi Conference. The failure of that conference would shake confidence in international co-operation and cause fresh disappointment.

44. He noted with satisfaction that the Trade and Development Board had been able to adopt unanimously the provisional agenda for the second session of the Conference (see A/6714, annex I). His delegation approved of the objectives which the Board had agreed upon, namely, to evaluate once more the

economic situation and its implications for the implementation of recommendations, to achieve, through negotiation, specific results likely to assure real progress in international co-operation for development, and to explore matters which required more thorough study before agreement could be reached. It was clear from those objectives that the main task of the Conference would be to create favourable conditions for negotiations on specific questions of immediate interest to the developing countries and to facilitate agreement on various programmes of action. It should therefore concentrate on a few questions, such as commodities, expansion and diversification of manufactures and semi-manufactures from developing countries, financial co-operation and invisibles. The large number of items on the Conference's agenda should not prevent the participants from dealing with the essential issues. The work of the Trade and Development Board had resulted in wide agreement concerning the importance and urgency of the questions before the Conference. In that regard, his delegation considered that priority should be given to economic and financial problems, including the access of commodities to the markets of developed countries, exports of manufactures and semi-manufactures of developing countries, supplementary financing, regional co-operation for development among underdeveloped countries and the promotion of trade.

45. The Turkish Government would study the Charter of Algiers with all due attention and would base itself largely on that important document when determining the position it would adopt at the New Delhi Conference. The developed countries, for their part, were consulting among themselves with a view to determining their attitude concerning various questions submitted to the Conference. His delegation hoped that those consultations would likewise prove successful.

46. One of the problems identified by the Board was that of commodities. Serious studies on that subject dated back to the time when the United Nations had established the Committee on Commodities and the Interim Co-ordinating Committee for International Commodity Arrangements. Despite a few encouraging measures and some partial successes, the problems in that sector remained as acute as ever, and price fluctuations, unfavourable terms of trade and tariff and quantitative restrictions were still serious obstacles to commodity trade. His delegation considered that, on the basis of the Final Act, the second session of UNCTAD might usefully work out a co-ordinated programme of action in that field.

47. A second question on which specific decisions might be taken at New Delhi was the expansion and diversification of exports of manufactures and semi-manufactures of developing countries. The character of the latter's relations with the developed countries had changed, so that many developing countries were in a position to add industrial products to their list of exports. The promotion of trade in those new products called for some international measures of encouragement, and discussions on a system of preferential tariffs on a non-discriminatory, non-reciprocal basis were necessary in that connexion. It was to be hoped that consideration of that question at the Conference

would lead to agreement in principle concerning the broad outlines of such a system.

48. All were aware of the gravity of the problems of financial co-operation and how important it was to solve them. In that regard, the Board had devoted special attention to the question of supplementary financing, and his delegation hoped that agreement in principle would be reached on that matter, on the basis of the report of IBRD and IDA.^{3/} The question of replenishing the resources of IDA should also receive the most urgent consideration.

49. The various types of co-operation conducive to the expansion of trade between developing countries were well known. The Conference could arrive at certain definite decisions on that subject. He had pleasure, in that connexion, in recalling the success of the regional co-operation which Iran, Pakistan and Turkey had established with each other.

50. Lastly, the Conference would have before it problems of East-West trade, the world food situation, invisibles and maritime transport.

51. As to the UNCTAD/GATT International Trade Centre, the combination of the two organizations' resources and competent services would avoid duplication and enable them to furnish more effective aid to the developing countries for the promotion of exports. Turkey therefore supported that initiative and wished that direct co-operation could be established between the new Centre and the various export promotion centres in some of the developing countries.

52. From all he had said, it was clear that the second session of the Conference would have before it a number of concrete and urgent problems for which there was a chance of finding practical solutions. It was therefore extremely important that a truly fruitful dialogue should be started and that sterile conflict and recrimination should be carefully avoided. If the spirit of constructive co-operation which had been displayed at Algiers prevailed at New Delhi, there was every reason to think that the second session of UNCTAD would produce practical solutions for several urgent problems and that it would be able to formulate some propositions relating to the basic principles of a global strategy for economic development and co-operation.

53. Mr. CAMEJO ARGUDIN (Cuba), referring to the organization of the second session of UNCTAD, said he regretted that the Trade and Development Board had not taken into account the special circumstances in which certain countries were well known to be placed, and had thus perpetuated a discriminatory situation. At the first session of the Conference, Cuba had expressed its interest in UNCTAD, and the size of its delegation had borne witness to that interest. Unfortunately, it had, right from the start, been the victim of the negative attitude adopted by a number of countries belonging to group C of the Board. Since then, therefore, Cuba had been unable to participate in the work of the organs of UNCTAD. Various excuses had been put forward to justify that situation, but it

was really a basic question of principle that was involved: the countries of the Latin American group, members of the Organization of American States, had no authority to put their prejudices and fears above the functioning of a technical organ of the United Nations. The partisan decisions adopted at Washington and Punta del Este against Cuba were devoid of moral and legal validity within UNCTAD. The propensity of those countries to be content with words had just been once more illustrated by the adoption of what they called the Charter of Tequendama. Despite their attitude, however, Cuba intended to exercise its right to full and complete participation in the work of UNCTAD as a member of group C.

54. Though Cuba would presumably be exposed to further manoeuvres of that kind in the future, it would nevertheless attend the New Delhi Conference, where the United States would probably be the only country to vote against, or at best abstain from voting on, the recommendations most salutary to the international community. Cuba would send a delegation to New Delhi, then, though realizing that it would find itself in the presence there of representatives from puppet States, segregationist States and those associated with the aggression against the Vietnamese people and in the presence of delegations which, while addressing reproaches to the European colonial Powers, would pass over in silence the colonialist policy of the United States. The Cuban delegation, however, would not take refuge in the position of a mere onlooker, for that could hardly be expected of a country which was being subjected to an economic blockade and a policy of boycott and isolation.

55. At New Delhi, one of the things that would have to be done was to draw up a balance-sheet of developments since the first session of the Conference. Attention would also have to be given to the removal of obstacles to the expansion of trade between countries, since external trade was one of the factors in the progress of the developing countries. Some of those obstacles had a political origin, as was shown by the openly proclaimed determination of the United States to strangle Cuba economically. It must unfortunately be noted that the situation in that respect had grown steadily worse, for the trade embargo applied to Cuba was now being extended to medical supplies. In general, that policy was in flagrant contradiction to the recommendations of UNCTAD adopted at Geneva.

56. While it was true that, in all spheres of development, the progress achieved by Cuba exceeded that of the other Latin American countries, Cuba was nevertheless still a developing country. It was thus entirely on the side of the other countries of the Third World, as it had repeatedly had occasion to show in various ways, even before the group of seventy-seven developing countries was set up. During the Kennedy Round of negotiations, for example, the Cuban Government had in all probability been the only one to speak in favour of the conclusion of an agreement for preventing the establishment of a system of preferences from which the countries not belonging to GATT would have been excluded. The Cuban delegation therefore regretted that the group of seventy-seven refused to accept Cuba as a member on

^{3/} International Bank for Reconstruction and Development and International Development Association, *Annual Report, 1966-1967* (Washington, D.C.), transmitted to the Economic and Social Council by a note of the Secretary-General (E/4431).

the grounds that it was a socialist State. That ostracism had prevented Cuba from taking part in the recent ministerial meeting at Algiers. Yet a country like the Mongolian People's Republic, which was just as socialist as Cuba, had been invited to the meeting. There again, Cuba had been the victim of petty discrimination.

57. The Cuban delegation nevertheless welcomed some of the conclusions of the meeting at Algiers, particularly the observation that no agreement had been concluded on commodities. So far as concerned sugar, in which Cuba was mainly interested, the Secretary-General of UNCTAD himself had recently had occasion to express his regret at the prevalent situation, and to point out that the developed countries were increasing their output at very high cost, though the cost of producing sugar in the developing countries was still very low. Unfortunately, no appreciable progress had been made towards influencing the play of the economic mechanism involved. In that connexion, Cuba had expressed its readiness to support the organization of an international conference on sugar, provided the work of the conference was based solely on the principles and purposes of UNCTAD. Cuba's position on coffee was the same.

58. Furthermore, the Charter of Algiers (A/C.2/237) had found that the process of economic integration among certain developed countries, and also the Kennedy Round of negotiations, were resulting in a discriminatory policy towards the developing countries. Cuba had predicted, however, the effects that were now being observed. The Charter of Algiers also mentioned the discriminatory practices applied in the matter of maritime transport; that also was a subject of particular interest to Cuba, a maritime country. One of the causes of the Cuban revolution had in fact been Cuba's determination to acquire a merchant navy. Today, Cuba possessed such a navy and it was big enough to carry a large proportion of the country's products. Cuba had even offered to GATT the services of its navy for the use of those countries which were in a disadvantageous position in that regard. That, incidentally, was one of the

developing countries' most serious problems, as could be seen from the fact that the Latin American countries alone lost \$1,000 million every year on maritime and aerial freight charges.

59. There was every indication that an effort would be made to avoid a disputatious spirit at New Delhi. The fact was, however, that in view of the developing countries' actual situation it was precisely such a spirit that would be needed. The desirability of starting a dialogue had been stressed, but a dialogue need not necessarily take the form of a drawing-room conversation. A similar attitude had been advocated for the meeting at Algiers, but there a real confrontation had nevertheless taken place, thanks in particular to the President of Algeria. It was to be hoped that the same thing would happen at New Delhi.

60. His delegation would like to make the following observations: the Charter of Tequendama did not represent the interests and feelings of Latin America as a whole; the participation in the Conference of puppet régimes, like that of South Korea, weakened the moral force of the position adopted by the developing countries; the Charter of Algiers advocated the rapid conclusion of agreements on cocoa and sugar, but did not mention the need for UNCTAD to try and obtain similar agreements on coffee and wheat; the Charter of Algiers appealed for the collaboration of certain international financial agencies, such as IMF, IBRD, and the Inter-American Development Bank, which were really organizations allied to imperialism; the Charter of Algiers did not involve the application of the second general principle adopted at the first session of UNCTAD, or the realization of the developing countries' other aspirations, and it was therefore a less ambitious text than the general programme of UNCTAD itself.

61. Lastly, the problem of under-development could not be solved satisfactorily within organizations which merely considered the external aspect of the phenomenon. What was really needed was a solution of the dilemma "revolution or no revolution".

The meeting rose at 6.45 p.m.