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AGENDA ITEM 42

External financing of economic development of the developing countries (concluded):

(a) Accelerated flow of capital and technical assistance to the developing countries: report of the Secretary-General;

(b) Outflow of capital from the developing countries: report of the Secretary-General

ADOPTION OF THE COMMITTEE'S DRAFT REPORT  
(A/C.2/L.971)

1. Mr. CHADHA (India), Rapporteur, introduced the Committee's draft report on agenda item 42 (A/C.2/L.971). It contained the text of a draft resolution

which had been rejected by the Committee and of three draft resolutions whose adoption it recommended to the General Assembly.

*The draft report (A/C.2/L.971) was adopted.*

AGENDA ITEM 46

Operational activities for development (concluded):

(a) Activities of the United Nations Development Programme: reports of the Governing Council;  
(b) Activities undertaken by the Secretary-General

ADOPTION OF THE COMMITTEE'S DRAFT REPORT  
(A/C.2/L.975)

2. Mr. CHADHA (India), Rapporteur, introduced the Committee's draft report on agenda item 46 (A/C.2/L.975). Due to a typing error, the English text of the draft report had two paragraphs numbered 11. The paragraphs on pages 5 and 6 should be renumbered accordingly. In addition, Panama should be added to the delegations listed in former paragraph 14.

3. Sir Edward WARNER (United Kingdom) said that in voting for the revised draft resolution (A/C.2/L.969/Rev.1) referred to in former paragraph 14, certain delegations, including his own, had made it clear that their action in so doing did not imply approval of the target suggested by the Secretary-General for contributions to the United Nations Development Programme and that there had therefore been no undertaking on their part to increase their contributions proportionately. He would like his delegation's reservations to be recorded in the Committee's report.

4. Mr. KOVALEV (Union of Soviet Socialist Republics) proposed the insertion in the draft report of a new paragraph stating the following:

"Some delegations abstained in the vote on operative paragraph 1 and on the draft resolution as a whole because they felt that there was no need for the approval of a new document which would repeat the appeal made by the Secretary-General in the introduction to his annual report on the work of the Organization to the General Assembly at its twenty-first session (A/6301/Add.1). They also drew the attention of the Committee to the need for the full utilization of the voluntary contributions of the Soviet Union and certain other States to the technical assistance programmes of the United Nations."

5. Mr. BOIKO (Ukrainian Soviet Socialist Republic) seconded the Soviet Union representative's proposal.

6. Mr. CHTOUROU (Tunisia) proposed that paragraph 15 should be replaced by the following text:

"Before the vote on the revised draft resolution, the co-sponsors explained that operative paragraph

2 would not in any way prejudice such measures as might be taken by the General Assembly at the present session or at a later session with regard to the United Nations Capital Development Fund or the implementation of the resolutions relating to it."

7. After a discussion in which Mr. REISCH (Austria) and Mr. GEORGE (France) took part, Mr. CHADHA (India), Rapporteur, proposed the adoption of the new text of paragraph 15 proposed by the Tunisian representative and the addition to that text of the following sentence: "The co-sponsors also explained that the fifth preambular paragraph merely recalled the target suggested by the Secretary-General and did not commit countries which had reservations regarding that target". He also proposed the adoption of the amendment proposed by the USSR delegation, on the understanding that it would not create a precedent.

*It was so decided.*

*The draft report (A/C.2/L.975), as amended, was adopted.*

#### AGENDA ITEM 48

General review of the programmes and activities in the economic, social, technical co-operation and related fields of the United Nations, the specialized agencies, the International Atomic Energy Agency, the United Nations Children's Fund and all other institutions and agencies related to the United Nations system: report of the Enlarged Committee for Programme and Co-ordination (concluded)

#### ADOPTION OF THE COMMITTEE'S DRAFT REPORT (A/C.2/L.976)

8. Mr. CHADHA (India), Rapporteur, introduced the Committee's draft report on agenda item 48 (A/C.2/L.976). In paragraph 3, the words "twenty-first session" should be replaced by the words "twenty-second session".

*The draft report (A/C.2/L.976), as amended, was adopted.*

#### AGENDA ITEM 38

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

9. Mr. UUSIVIRTA (Finland) said that the five countries on whose behalf he was speaking, namely, Denmark, Iceland, Norway, Sweden and Finland, were working closely together in the preparations for the second session of the United Nations Conference on Trade and Development (UNCTAD). That Conference would be an opportunity to concentrate on certain specific problems with a view to obtaining concrete results. The items which the Nordic countries specifically had in mind were related to trade in primary commodities, trade promotion, supplementary financing and trade among developing countries. They also attached great importance to the question of preferences for manufactures and semi-manufactures.

10. With regard to primary commodities, the Nordic countries had noted with satisfaction that there seemed to be general agreement that only a commodity-by-commodity approach would ensure success. One of the

primary commodities on which agreement was a matter of urgency was cocoa. For that reason, those countries hoped that a common basis for agreement would be found when the United Nations Cocoa Conference was resumed. They also hoped that the International Coffee Agreement of 1962 could be prolonged, and they attached great importance to the diversification and rationalization of commodity production. One of the problems to be studied in that context was how to provide the best form of technical and financial assistance.

11. With regard to manufactures and semi-manufactures, the Nordic countries recognized that the hopes the developing countries had placed in the Kennedy Round of negotiations had not been fulfilled. In that connexion they felt that the question of the granting of preferences on a non-reciprocal, non-discriminatory basis in favour of the developing countries should be given consideration at New Delhi, as a step towards agreement on the broad lines of a scheme of preferences.

12. The Nordic countries welcomed the proposed establishment of co-operation between GATT (General Agreement on Tariffs and Trade) and UNCTAD in the field of trade promotion, and further supported efficient co-operation arrangements with the United Nations Industrial Development Organization and the Food and Agriculture Organization of the United Nations (FAO) and other interested organizations.

13. With regard to supplementary financing, the meeting with the Intergovernmental Group recently held in Geneva had shown that, in the view of most of the group members, the objective set out in part I of UNCTAD recommendation A.IV.18<sup>1/</sup> could be achieved by a scheme having the essential characteristics of that proposed by the International Bank for Reconstruction and Development (IBRD).

14. In the sector of financing related to trade, the Agreed Statement on the Problems of Development, adopted in April 1967 by the UNCTAD Committee on Invisibles and Financing related to Trade,<sup>2/</sup> would give the second session of UNCTAD a unanimously adopted basis for discussion. The Agreed Statement specified a number of aims with regard to the volume and the terms and conditions of development aid which the Conference should try to achieve.

15. Regional economic integration, which the Nordic countries had practised successfully, could do much to increase economic growth and, in particular, industrialization. However, that kind of integration was not possible without international support, and the Nordic countries were accordingly prepared to consider in a positive way such initiatives as the developing countries might take in order to secure that support.

16. In conclusion, he hoped that the second session of UNCTAD would be able to formulate generally acceptable recommendations with clearly defined objectives.

<sup>1/</sup> 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).

<sup>2/</sup> See Official Records of the Trade and Development Board, Fifth Session, Supplement No. 3, annex II.

17. Mr. BAKONYI-SEBESTYEN (Hungary) noted that the first session of UNCTAD had created the organizational machinery for studying problems of international trade and development. Responsibility for the slowness of the progress made in implementing the recommendations of the first session of UNCTAD lay with some of the highly developed countries. They had refused to accept the most important of the principles as well as many of the recommendations—an attitude which was explained by the influence which monopoly interests still had on the world economy. Nevertheless, the developing countries were becoming more and more aware of the vital importance of achieving economic independence. They could rely on the support of the socialist countries in their efforts in that direction.

18. He wished to emphasize the importance of the preparations for the second session of the Conference. He mentioned in that connexion the work accomplished at the ministerial meeting of the group of seventy-seven developing countries, held at Algiers in October 1967, at which the developing countries had succeeded in defining a common position. It was to be hoped that the Conference at New Delhi itself would help to guide world trade in a new direction and to bring about an international division of labour that was better suited to present-day needs.

19. One of the most important problems to be dealt with by the Conference was that of raw materials. He wished to mention, in that connexion, that Hungary was continuing to work for the conclusion of commodity agreements which took account of the interests of the developing countries and furthered their economic advancement. At the same time, his country was opposed to agreements of that type which were concluded outside UNCTAD. Hungary also supported the principle of general preferences and was prepared to grant such preferences to any developing country which offered no less favourable conditions to his country than to any other developed country.

20. Trade between the developing countries and the socialist countries had been expanding very rapidly. However, the measures taken with a view to its further expansion could not disregard the need for over-all development of the world economy, which required more active trade between the socialist countries and the market-economy countries. Hungary, which wished to contribute to the establishment of a more equitable international division of labour, was expanding its economic, scientific and technical relations with the developing countries. Since 1958, its trade with the developing countries had increased at an annual rate of about 18 per cent, and it was now carrying on trade with almost eighty of those countries. Between 1958 and 1966, it had granted them credits amounting to some \$200 million on favourable terms. It was also complying, in so far as possible, with UNCTAD's recommendations calling for increased imports of industrial consumer goods from the developing countries. Technical and scientific relations had begun to develop more recently but had already resulted in the signing of several co-operation agreements. Specialists were being exchanged, and more than 500 fellowship-holders from the developing countries were currently studying at Hungarian educational establishments.

21. Mr. BRADLEY (Argentina) observed that the Charter of Algiers (A/C.2/237) embodied some of the ideas expressed by his country in connexion with the second session of UNCTAD. At the ministerial meeting at Algiers, his delegation had had occasion to express its gratification at the technical, non-political character of both the meeting and the Charter. It had also emphasized the need to display a spirit of solidarity in efforts to promote expanded international trade so as to avoid a division of the world into blocs which might adversely affect development. Lastly, it had stated that, broadly speaking, an effort should be made to encourage the widest possible measure of dialogue between all countries.

22. Mr. YASSEEN (Iraq) said that, since the problem of development was a world-wide one, it called for a world-wide solution. He therefore thought it regrettable that UNCTAD was not truly universal in character.

23. His delegation felt that the United Nations Commission on International Trade Law, which had been established by General Assembly resolution 2205 (XXI) of 17 December 1966, filled a gap in the field of international trade and that co-operation between UNCTAD and the Commission was essential. The Commission should go beyond the realm of trade relations under private law and extend its interest to the field of international trade policy. It was to be hoped that that would lead to the formulation of certain principles which would govern international trade.

24. The adoption of the Charter of Algiers marked an important advance in the preparations for the second session of the Conference. The Algiers meeting had witnessed the birth of a spirit of enlightened solidarity among the developing countries. The information missions which the ministerial meeting had sent to various regions were intended to create the most favourable possible conditions for negotiating a programme of action.

25. Recommendations like those made by the first session of the Conference were of little value if they were not carried out, and he therefore wondered if they should not be given the nature of legal obligations. That could be one of the tasks to be dealt with by the second session of the Conference. It might even be advisable to go further and establish a supervisory body empowered to call upon Member States to provide precise information on the implementation of the recommendations.

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

26. Mr. HILLEL (Israel) said that the efforts made at the fifth session of the Trade and Development Board to define the most urgent concerns of the developing countries (see A/6714, part one) would make it possible to achieve real progress at the second session of UNCTAD. It was already apparent that the document presented by the developing countries would provide the framework for the debates that would take place at the Conference in New Delhi. Even though it had not yet been possible to determine whether UNCTAD was a deliberative or an executive body, the fact remained that it had inspired world public opinion with the desire to overcome the obstacles which were preventing the developing coun-

tries from expanding their trade and furthering their economic development. It seemed clear, nevertheless, that the tremendous efforts made within the framework of UNCTAD and GATT would not be successful in fully meeting the economic growth requirements of the poorer countries.

27. His delegation felt that an effort should be made at the second session of the Conference to work out a set of working concepts regarding UNCTAD's work which would henceforth govern international activities in UNCTAD's normal sphere of competence. Whatever might be the value of the Final Act of the first session of the Conference, it was essential to have a set of working concepts which would make it possible to draw a distinction, first, between differing levels of development and corresponding requirements and, secondly, between activities designed to strengthen the national economy and those undertaken in the interests of the international community. UNCTAD should, in particular, take account of the fact that some developing countries were placed at a greater disadvantage than others by the present trade structure. Until now, the various States and international agencies had devoted their efforts exclusively to promoting the expansion of national economies. However, since the possibilities in that regard were limited because of the lack of resources, consideration should be given to using part of the available resources for concerted international action for the benefit of all the developing countries. His delegation felt that there was a particular need for international action to set up large-scale enterprises that would operate in markets extending beyond national boundaries and to finance joint research on such scientific problems as the production and utilization of edible proteins.

28. The integration of the highly industrialized countries of western Europe had made remarkable progress, with the result that those countries had been able to find new outlets for their already substantial industrial and technical resources. Large-scale markets, extending beyond national frontiers, had been established. The huge continental bloc thus created could be compared to the United States and Soviet markets. However, no development of a similar nature had taken place in the less industrialized regions. What was more, the results of the Kennedy Round of negotiations served mainly to promote trade between the industrialized countries. His delegation felt that one of the most important tasks of the second session of the Conference should be the creation of a system which could narrow the gap existing between the two groups of countries from the standpoint of integration of markets. While preferences could, of course, contribute to that end, provision should also be made for special measures aimed at increasing bilateral and multilateral trade between developing countries in the various regions. The best prospects for increased trade lay in exchanges between developing countries which had different economic structures and could offer a variety of products to other countries which were in similar circumstances. In that connexion, he wished once again to put forward his delegation's proposal for the pooling of available international resources as a means of financing trade between developing countries. Certain studies conducted by the Trade and Development Board

showed that the difficulties of operating payments agreements between those countries could be overcome by means of a world-wide clearing for all interested developing countries. Such an arrangement should include a provision for a reserve fund financed and guaranteed by both the developed and the developing countries. A system of regular subscriptions of aid funds could be created to guard against the danger that the weaker countries would go into debt. The funds invested in such a system could be used to purchase goods from certain developing countries and to repay the debts contracted by the poorer participants.

29. The second session of UNCTAD would probably devote a large part of its time to the preparation of a general system of preferences. In his delegation's view, such a system should take into account each country's actual situation and ability to derive real benefit from the concessions granted. At the present time, only one twentieth of the developing countries' exports consisted of articles to which a system of that kind could be applied. Only countries which had reached a certain level of industrialization would be able to derive benefit from those measures and attract investments which would help them to expand their exports. Where preferences could not answer the developing countries' needs, various ways should be found of placing the stress on infra structure, with a view to attracting investment and establishing a number of processing industries. The possibility must also be considered of a phasing-in and phasing-out procedure of the preference system for developing countries, and a study should be made of the way in which the industrialized countries applied the idea of "real protection", for the token duties levied on certain articles from the developing countries did not seem to correspond to the degree of real protection, which most often was a good deal higher. All those measures were in accordance with the new part IV on trade and development of GATT. Those who granted concessions and were still of the opinion that the reduction of customs duties had only a marginal effect must be reminded of the fact that, for the developing countries, every dollar earned by the exportation of a manufactured product came from a previous investment of three to five dollars in industry. There was no need to stress the significance of that fact from the point of view of the development process as a whole.

30. The creation of additional international liquidity implied the creation of additional international purchasing power before the goods which were normally the source of that power were produced. It would be advisable in that connexion to study the way in which the possibilities thus provided could be used on behalf of the developing countries, which suffered from the instability of their reserves. An objective criterion of allocation, taking the evolution of needs into account, would certainly have to be established.

31. Mr. MARDOVICH (Byelorussian Soviet Socialist Republic) said that if they wished to change the present situation, the developing countries must mobilize their domestic resources and carry out progressive social and economic reforms. The development of the national economy, however, also

involved the need for economic relations based on equality of rights and for the normalization of international trade. But the developed capitalist countries had reduced the countries of the Third World to the rank of purveyors of raw materials and foodstuffs, condemning them in many cases to a single-crop system. As a rule, the export of such products was in the hands of the foreign commercial monopolies. In those circumstances, the developing countries could not obtain satisfactory prices for their exports, and their economic difficulties were aggravated by the drop in the prices of commodities, which accounted for 90 per cent of their export earnings. The situation was only made worse by the capitalist countries' application of a discriminatory tariff policy. Thus, the developing countries' share of world exports was constantly declining. In terms of value, it had dropped from 27 per cent in 1953 to 19.3 per cent in 1966; and the countries concerned were finding it increasingly difficult to obtain the resources needed for the import of machinery and equipment, whose prices were steadily rising.

32. On the other hand, trade with the socialist countries opened up markets to the newly independent States that were not dominated by monopolies. The developing countries' exports to the socialist countries had quadrupled between 1955 and the mid-sixties. They had increased by an annual average of 14 per cent during the period 1960 to 1965. The socialist countries imported from those developing countries not only raw materials but also industrial products, imports of which had almost tripled between 1962 and 1965, so that in the last-mentioned year they had represented about one fifth of the developing countries' total exports to the socialist countries. The favourable development of trade between the two groups of countries was due above all to the fact that the socialist countries applied the principles promulgated at the first session of UNCTAD. On that subject, his delegation considered that the second session of the Conference should give special prominence to the implementation of the principles adopted at the first session of the Conference. Among the other important tasks of the forthcoming Conference was the adoption of measures for expanding East-West trade. The preparation of such measures was the more urgent since the discriminatory policy followed in that matter by certain Western countries was incompatible with the purposes of UNCTAD.

33. In conclusion, he drew the Committee's attention to the fact that the German Democratic Republic was still not a member of UNCTAD, despite the obvious value which its participation would have.

34. Mr. VAZ (Uruguay) said that the agriculture of the developing countries contained within itself the obstacles to its development, for it was characterized by great rigidity both of supply and demand. Owing to the play of various factors (production cycle, weather conditions, slowness of technical progress, etc.), an increase in agricultural output took more time to bring about than an increase in industrial output. Moreover, the price elasticity of demand depended on the consumers' habits and above all on their purchasing power, with the result that, in the developing countries, it was necessarily kept within

narrow limits which were not very susceptible to extension by an increase in per capita income or, more particularly, by technical progress, which did far more to benefit the industrial and services sectors. Furthermore, agriculture was affected by the flight from the countryside, and industry was growing steadily at agriculture's expense, owing, among other things, to the replacement of agricultural produce by substitutes.

35. According to FAO, the share of agricultural produce in the developing countries' exports would drop from 53 per cent in 1964 to 40 per cent in 1975. That development was due to the saturation of demand in the developed countries, the sometimes unbridled competition in which the developing countries themselves engaged, the replacement of agricultural raw materials by substitutes, the protectionist policy pursued by certain developed countries and, lastly, the inadequacy of the financial resources at the disposal of the developing countries, which were consequently unable to diversify their output. All those factors were interdependent, and the agriculture of the developing countries was thus caught in a vicious circle.

36. Since the development decade had failed for lack of a concerted policy, a global development strategy must be worked out, as had been proposed by the Secretary-General of UNCTAD (1146th meeting). It must be established in unity, and that implied co-operation between all the organizations in the United Nations system, as required, for example, by General Assembly resolution 2152 (XXI). It must be accompanied by a realization of the need for agrarian and institutional reform in the developing countries. It must provide for a development of agriculture that was parallel to and in harmony with that of industry, which alone could absorb the surplus agricultural labour and stimulate exports. An indispensable condition of that last aim, however, was stability of the markets and a widening of access to them.

37. The Charter of Algiers (A/C.2/237) was a remarkable document which well expressed the apprehensions of the Third World. It would be for the second session of UNCTAD to study that document and draw the lesson from it.

38. Mr. FRANZI (Italy) said that, however inadequate UNCTAD's activity during the past twelve months might seem to have been, and however disappointing the results obtained might be regarded in certain quarters, 1967 had been a year of positive achievement for UNCTAD. In the commodity sector, the point had been reached at which a conference would be called to try and solve the problems of the international cocoa trade, and the latest preparatory work gave reason to hope that that conference would result in an agreement. So far as other commodities were concerned, UNCTAD was perhaps already about to achieve significant results in the matter of international agreements and supplementary financing: the second session of UNCTAD could give a useful fillip to progress.

39. The Secretary-General of UNCTAD had said that there was a sound basis for the idea of granting preferences to the developing countries' finished

or semi-finished products; and there was therefore reason to hope that at least a general agreement would be concluded at the Conference in New Delhi on the guide-lines for a policy of preferences. His delegation did not believe that a system of generalized preferences granted to eighty-six countries had any miraculous virtues. Such a system might indeed give rise to competition among those countries for the conquest of the industrialized countries' markets, and it was the industrialized countries which would be the main gainers.

40. Attention must be given to the problems of diversifying the economy, and especially to the problems of basic and supplementary financing. Noteworthy in that connexion was the Agreed Statement on Development Problems, adopted at the second session of the Committee on Invisibles and Financing related to Trade.<sup>3/</sup> While the years 1966 and 1967 had seen a slowing-down in the granting of financial assistance by the principal donating countries, other countries had, during the same period, increased the volume of their economic and financial assistance and improved the procedures for granting it. As was shown in the report by the Chairman of the Development Assistance Committee of the Organization for Economic Co-operation and Development (OECD),<sup>4/</sup> Italy belonged to the latter group.

41. The problem of the debt servicing of a number of developing countries was receiving increasing attention. Italy was doing all it could to give that problem the consideration it deserved at both the bilateral and multilateral level, in the framework of different bodies set up under the auspices of IBRD and OECD. The problem was becoming more urgent from year to year and all its elements, including in some cases the use that had been made of the loans granted, would have to be analysed.

42. At its fifth session, the Trade and Development Board had devoted much of its time to preparations for the second session of the Conference. The responsible way in which the Board and the Governments had performed that task augured well for the Conference. The Charter of Algiers (A/C.2/237) had been submitted to the Committee, but there would be other developments before the Conference at New Delhi. For instance, the countries members of OECD were shortly to meet in Paris, where they would be joined by the Secretary-General of UNCTAD. The Italian delegation had transmitted the text of the statements regarding the Charter of Algiers to its Government for consideration. In that respect he would suggest that the group of seventy-seven developing countries should not send the reports of the goodwill missions to the Governments of developing countries only but should send them also to the Governments of the countries visited. At the present juncture he was not in a position to say what attitude his Government would adopt towards the Charter of Algiers. That Charter came within the purview of the second session of the Conference and would undoubtedly be one of the basic documents of the Conference. That being so, it was at New Delhi that

the Italian Government would give its views on the various solutions that were contemplated for the trade and development problems of the group of seventy-seven.

43. Mr. OLUMIDE (Nigeria) said that the Charter of Algiers provided a fitting basis for the consideration of agenda item 38 which was before the Committee.

44. The Nigerian delegation welcomed the objective analysis that the Secretary-General of UNCTAD had made of the trade and development problems of the developing countries, and in particular his recommendation regarding the formulation of a global strategy for development and international co-operation (1146th meeting). That strategy should be based on the hypothesis that, in order to speed up their development, the less developed areas of the world should have easier access to the markets of the developed countries, both for primary commodities and for industrial products, and access to the benefits of modern technology and to the sources of international capital.

45. His delegation was glad to note that agreement had been reached on the issues to be examined at the second session of the Conference, for which the President of the Trade and Development Board had outlined three objectives: first, a fresh evaluation of the economic situation and its effect on the implementation of the recommendations of the first session of the Conference; secondly, negotiations on certain questions which were ripe for action; thirdly, a debate on long-term questions (see A/6714, para. 31). Similarly, the ministerial meeting at Algiers and the goodwill missions that had emerged from it constituted positive preparatory work for the second session of the Conference. It was to be hoped that the forthcoming meeting of OECD, too, would contribute to the success of the second session of the Conference.

46. As far as the implementation of the recommendations of the first session of the Conference was concerned, his delegation noted with concern that few concrete results could be recorded, although some of the recommendations had admittedly been receiving increased attention in the Trade and Development Board.

47. The recommendations concerning the access of primary commodities to the markets of the developed countries and the granting of general non-discriminatory and non-reciprocal preferences for manufactures and semi-manufactures had yielded no practical results even in the case of the Kennedy Round of negotiations, as was made clear in the report of the Secretary-General of UNCTAD.<sup>5/</sup> As was recommended in the Charter of Algiers, those problems should be dealt with by international commodity agreements, but that should not preclude an examination of the function, operation and financing of buffer stocks, market stabilization techniques, price policies and so forth. Nigeria placed great hopes in the United Nations Cocoa Conference.

48. With regard to financing, each developed country should endeavour to attain the target of a net financial

<sup>3/</sup> See foot-note 2 above.

<sup>4/</sup> Development Assistance Efforts and Policies, 1966 Review, Report of the Chairman of the Development Assistance Committee (Paris, 1966).

<sup>5/</sup> Document TD/5/Add.1 and Corr.1.



flow representing at least 1 per cent of its gross national product by the end of the United Nations Development Decade. Apart from that problem, the Conference at New Delhi should examine the question of supplementary financing, which should enable the developing countries to avoid the disruption of their development programmes as a result of unforeseen export shortfalls. As the Secretary-General of UNCTAD had stated at the meeting of the Inter-governmental Group on Supplementary Financing in October 1967,<sup>6/</sup> one of the fundamental objectives of the scheme was to give developing countries in that position access to additional resources. In no case, however, should the scheme entail internal policy commitments which would compromise the sovereignty of any Member State.

49. The expansion of trade among developing countries, including regional and sub-regional integration agreements, was another important element of a global strategy for development. All the developing countries were aware of the conditions for such expansion but they now realized that they would have to take concrete action to achieve it. The low level of trade among developing countries was due to historic, and sometimes institutional, factors: many of those countries had inherited trade barriers against some of their neighbours from the former colonizing Power and it was a fact that in Africa, for example, some countries discriminated against neighbouring countries in favour of European and non-African countries. Such countries seemed to forget that there was no altruism in the aid given by certain countries; they should free themselves from the false security offered by archaic paternalism in international relations. In that connexion, the valuable work being done by the Economic Commission for Africa should be mentioned. The Charter of Algiers recommended international support in the form of external financing and technical assistance to enable developing countries to achieve more rapid progress in their trade expansion and integration efforts.

50. Although it was true that in recent years trade between the socialist and the developing countries had been one of the most dynamic sectors of world trade, the volume of that trade was still relatively small compared with existing potentialities. His delegation had observed with keen interest the reforms being introduced in some socialist countries, as

recorded in the report prepared by the secretariat of UNCTAD,<sup>7/</sup> and it hoped that increased trade between socialist and developing countries would automatically lead to an increase in the various forms of assistance.

51. The problem of the international division of labour appeared on the provisional agenda of the second session of the Conference. That problem was inextricably linked to measures to increase the industrialization of the developing countries and the diversification of their exports. It should be borne in mind that there were good possibilities for the establishment of export-oriented industries in those countries, provided, of course, that the developed countries were willing to be genuine partners in such development. There were possibilities, for example, for developing timber industries, and even more so for petro-chemical industries. His delegation felt that the activities of the proposed UNCTAD/GATT International Trade Centre would yield better results if they were carried out within the framework of a more equitable division of labour between developing and developed countries. It was concerned about what should be done to translate the possibilities so brilliantly sketched in the report of the Secretary-General (A/6879) into programmes of action. It considered that close and continuing co-operation among the specialized agencies and other United Nations institutions could serve to re-educate the financial and industrial circles of the developed world. It was obvious that some developed countries which were experiencing labour shortages were still engaging in labour-intensive industries which the developing countries were better placed to operate. If the developed countries would confine themselves to the more sophisticated industries and would import the less sophisticated manufactures from the developing countries, they would be making a commendable start, of mutual advantage, in improving the international division of labour.

52. In conclusion, he said that it was becoming increasingly clear to his delegation that the major impulse to development must come from the willingness of the developing countries themselves to work hard.

*The meeting rose at 6.15 p.m.*

<sup>6/</sup> Document TD/B/C.3/AC.3/21.

<sup>7/</sup> Document TD/B/128.

