



Chairman: Mr. Narciso G. REYES (Philippines).

AGENDA ITEM 41

**United Nations Conference on Trade and Development
(continued):**

**(a) Report of the Trade and Development Board (A/8403/
Add.1 (part II), A/8415/Rev.1; A/C.2/270 and Corr.1;
A/C.2/L.1197, A/C.2/L.1198)**

1. Mr. TODOROV (Bulgaria) thanked the Secretary-General of UNCTAD for his very detailed and very pertinent opening statement.
2. The Bulgarian delegation had taken note of the Declaration and Principles of the Action Programme adopted at Lima by the second Ministerial Meeting of the Group of 77.
3. The tendencies which had emerged in the world capitalist market in previous years had become established trends; trade between the developed market-economy countries and the developing countries had increased at a rate lower than that of the growth of international trade as a whole. The share of developing countries in the trade of the world capitalist market had fallen from 23.9 per cent in 1960 to 19.8 per cent in 1970. The years 1970 and 1971 had not brought the looked-for expansion and democratization or the desired solutions in the sphere of international trade. On the contrary, additional obstacles to the expansion of international commerce had appeared and the foreign trade of the developing countries still consisted of a veritable haemorrhage of their resources.
4. The developed capitalist countries still refused to show the political determination necessary for a solution to the problems of international trade. Far from contributing to the implementation of a generalized system of preferences and to the conclusion of new commodity agreements, the world's most developed capitalist country had adopted protectionist measures which were bound to have bad consequences for international trade and which actually marked the beginning of a trade war between the most advanced capitalist countries. The weakest countries would be hardest hit. The Bulgarian delegation wished to reaffirm its solidarity with the developing countries which were not responsible for the present situation and were trying to protect their rights and economic interests.
5. His delegation ventured to express the hope that the trade war between the market-economy capitalist countries would not slow down the process of establishing a generalized system of preferences which had begun in 1971 within the European Economic Community and in such

other developed countries as Japan. In spite of UNCTAD resolution 21 (II) and the International Development Strategy for the Second Development Decade, the generalized system of preferences had still not been implemented—a situation which amounted to discrimination against the developing countries. The fact that a country belonged to a particular economic and social system could not constitute the sole criterion for determining whether the generalized system of preferences should be applied to it. In that connexion, he recalled the joint statement of the eight socialist countries during the second part of the fourth session of the Special Committee on Preferences to the effect that the contribution of certain socialist countries of Eastern Europe to development efforts depended on their level of economic and social development; some of them were still in a transitional phase of development and were experiencing the same difficulties as the developing countries; although they were prepared to adopt special measures as part of a generalized system of preferences, they should benefit from the generalized system of preferences applied by the developed market-economy countries. He hoped that the developed capitalist countries would give that statement adequate attention.

6. Referring to the preparations for the third session of UNCTAD, he said that the Bulgarian delegation wished to thank the Government of Chile for its generous hospitality and the efforts it was making to ensure that the Conference was held under the best possible physical and human conditions. It noted with satisfaction that the provisional agenda included some very important questions. It was in favour of directing the Conference's attention primarily to the report of the Secretary-General of UNCTAD concerning the implementation of the principles that should govern international trade relations—principles which had been adopted by the first session of the Conference at Geneva and confirmed by the second session at New Delhi. On that point, it looked forward to the report of the Secretary-General of UNCTAD with great interest. It also supported the proposal that the Conference should examine recent developments and trends, which were bound to have a profound influence on international economic relations, as the Trade and Development Board rightly stressed in the report on its eleventh session. UNCTAD was the organization that was best qualified to study the problems caused by the financial and monetary crisis of the capitalist world. His delegation agreed that the third session should also examine the impact on international trade of the economic policies of economic groupings of developed countries. It welcomed the expansion of trade between the socialist countries and certain developed capitalist countries, and Bulgaria was prepared to increase such trade. The expansion of East-West trade was, however, encountering difficulties resulting from the economic policies of the European

Economic Community largely due to political considerations. His delegation therefore supported the proposal that the Secretary-General of UNCTAD should prepare a study on the activities of the Community with a view to determining in particular to what extent those activities were consistent with the principles concerning trade relations and policies adopted at UNCTAD's first session. Such a study should also deal with the possible negative consequences of an extension of that economic grouping, in view of the fact that the trading policies of the Community, and more particularly the policy with respect to agricultural products, were in contradiction with the principles in question.

7. The Bulgarian delegation also welcomed the inclusion in the Conference's agenda of the item on trade relations among countries having different economic and social systems. On the other hand, it had serious doubts concerning the advisability of discussing items 8 (d) and 8 (e) of the provisional agenda (see A/8415/Rev.1, annex I, resolution 83 (XI)).

8. Nor could it approve the view expressed in paragraph 5 of the Board's report on its tenth session affirming the primary responsibilities of UNCTAD as far as the review and appraisal of progress reached in the implementation of the International Development Strategy were concerned. That would be going beyond UNCTAD's competence in the matter, as laid down by General Assembly resolution 2641 (XXV).

9. As to the review of the institutional arrangements of UNCTAD, he observed that its inadequacy was due not to its present structure but rather to a lack of political determination on the part of a group of States which refused to accept or consistently apply the principles which must govern international trade relations and policies. It was also due to the fact that certain governments still refused to agree that UNCTAD should be open to all States which desired to participate in its activities, and continued to keep out the German Democratic Republic, which had economic and trade relations with most of the countries Members of the United Nations.

10. Mr. ALMEIDA FERNANDES (Portugal) expressed the view that the problem of achieving a balance in international economic relations sprang from the ever-growing gap between the few highly developed rich countries and the many poor countries, which, to boot, were more densely populated. The application of the most-favoured-nation clause, which still constituted one of the main foundations of the international economic structure, had provided benefits that could not be disregarded. It had become necessary, however, to modify that system. Accordingly, the need for a better division of resources and labour at the world level had led after the war to the institution of regional economic arrangements. More recently, action had also been taken to establish a generalized system of preferences. Nevertheless the tremendous difficulties involved in dividing the world into two camps by means of a geographical classification which was sometimes not very satisfactory had resulted in rather vague empirical formulae that could easily become a source of discrimination. It would be easy to present statistical data based in particular on the criterion of *per capita* national income to demon-

strate that some countries were entitled to expect that they would no longer be victims of discrimination. However, the fact that there was no absolute criterion on which to base negotiations and political agreements must not in any way contribute to excluding from the system of preferences certain countries which had reached a critical stage of development. In any case, such exclusion would result in an unjust and absurd situation in which countries which were still relatively weak economically would have to bear the costs of assistance operations in favour of the developing countries. Indeed, the countries often referred to as "marginal cases" were in danger of becoming the victims of a diversion of trade flows and a poor distribution of investments resulting from the competition of countries benefiting from the system which were often just as developed as they were, if not more so.

11. Mr. OCHIRBAL (Mongolia), after associating himself with the speakers who had congratulated the Secretary-General of UNCTAD, the President of the Trade and Development Board and the Rapporteur-General of the second Ministerial Meeting of the Group of 77, said that he had listened with great interest to the statement of the representative of Chile concerning the measures taken by that country to establish the most favourable conditions for the success of UNCTAD's third session. The Mongolian delegation attached the greatest importance to that Conference, which was being prepared at a time when many Western countries were creating considerable difficulties in the sphere of international trade, thereby demonstrating once again the instability and irrationality of capitalism. The difficulties which were being encountered particularly by the young independent nations and being further aggravated by the protectionist behaviour of the Western countries could not be overcome by isolated measures; there would have to be a radical transformation of international trade relations. UNCTAD's third session was therefore of special importance, since it could provide an opportunity for an in-depth analysis of those relations with a view to taking the necessary action to transform them. Particular attention should be given to the search for means of implementing the principles of international trade policy drawn up at the first Conference.

12. Mongolia fully agreed that export conditions for the developing countries should be unilaterally beneficial. It would also support all realistic and reasonable measures to facilitate the trade of land-locked countries and the transit of their products. Particular attention must also be paid to the Action Programme drawn up by the Group of 77. Although it had as yet no clearly defined opinion on the Programme, his delegation could even now support many of its proposals. It could not, however, agree with some of the conclusions the Group had reached at Lima. In particular, the Action Programme disregarded the socialist countries' position of principle concerning the division of the world into developed and developing countries. Neither did it take account of the principle of universality. His delegation hoped to be in a better position to define its attitude towards the Action Programme at the third Conference. It endorsed the provisional agenda for the third Conference because it covered the most important questions.

13. Mr. SANTA-CRUZ (Chile) said that the debate on the report of the Trade and Development Board had con-

tributed significantly to preparations for the third session of UNCTAD and to classification of many of the items on its agenda.

14. He thanked the representatives of Egypt, Venezuela, Nepal, Bulgaria, Mongolia, France, Czechoslovakia and the United States for their kind words about his country. As the host country, Chile considered itself particularly responsible for the success of the forthcoming Conference because it had undertaken to create the physical and human climate necessary to facilitate agreement and to give development problems the special character they lacked in the somewhat academic atmosphere of the headquarters of international organizations. As the third Conference would be held in a developing country, participants would have the advantage of being in direct contact with the realities of the developing world and with the legitimate aspirations of populations striving for better living conditions. His Government was convinced that the Conference would help to improve those living conditions. Its conviction was reflected in the faith of the 1,200 workers putting up the Conference building, who were sure that prompt completion of the building would augur well for the future of the third world. Their hopes must not be disappointed. Chile would do its best to ensure that the Conference finished on time, not for the financial reasons to which the United Kingdom representative had referred, nor because Chile was a very distant country, as the United Kingdom representative had also indicated—for the world was now no longer confined to a particular region and there were no longer distant and near countries—but simply because five weeks would be sufficient if the work was well organized, if proper preparations for the Conference were made in the coming months, if the developed countries came to Santiago with the necessary political determination to meet the just demands of the developing countries and if they decided to make a conscientious effort to modify the prevailing state of affairs. Conversely, if their attitude was unconstructive, five weeks would be too long.

15. As the representative of Brazil had said, however unfavourable, the economic conditions of the moment could not be used as an excuse for failing to take constructive action at the Conference. At the second Conference attention had been drawn to the fact that current economic conditions had not been very favourable; moreover, there had been a succession of unfavourable economic situations since then. No one wanted to admit that such cyclical problems were in fact structural problems, which could not be solved by limited groups like OECD, CMEA or the Organization of American States. The structure of the international division of labour had to be changed by modifying the discriminatory international-trade pattern organized for the benefit of the richer countries and also by modifying the economic and social structures of the developing and of the developed countries. It had been agreed at the Ministerial Meeting of the Group of 77 that the developed countries should adopt programmes aimed at ensuring a better international division of labour, in particular by adjusting their production structures. It was precisely at the Conference, which would hopefully be attended by high-ranking representatives of 139 countries, that the world would be able to deal seriously with those problems of development whose solution was the key to world economic stability.

16. His delegation's optimism had been strengthened by the statements of some representatives, particularly those of Finland, who had spoken on behalf of the Nordic countries, the Netherlands and France. As the representative of France had said, at its third session UNCTAD must become a conference of reflexion; it must reflect the common aspirations of the developing countries and their firm determination to achieve those aspirations.

17. There was no doubt that the representatives of all developed countries on the Second Committee were convinced of the legitimacy of the developing countries' cause; if the Governments of some developed countries were not showing the necessary political determination, it was because public opinion in those countries had not been apprised of the seriousness of under-development, of the interdependence of development and economic stability or of the appeals of the developing countries for greater international co-operation. In that connexion, he emphasized the need so to strengthen United Nations information programmes about the third Conference as to make public opinion in all countries aware of the items on the agenda for the third session and of the need to implement all the provisions of the Strategy. There had of course been some improvement in information about UNCTAD but it was still not enough, and the resources allocated for the purpose were inadequate. It was regrettable that it had not yet been possible to set up a special information service for UNCTAD, but the Secretary-General's formula was satisfactory. Nevertheless, the unity of theory and practice in United Nations information programmes must be ensured. The Centre for Economic and Social Information must disseminate all appropriate information on the third session of UNCTAD and must have the necessary resources to do so. He noted with satisfaction that in the Secretary-General's opinion the Centre could play a role in promoting economic and social development and hoped, therefore, that the text of draft resolution on dissemination of information and mobilization of public opinion could be slightly amended so as to reflect the Secretary-General's point of view in its operative part.

18. Mr. ALULA (Ethiopia) said that developed and developing countries alike realized that the defective structure of international trade was a serious impediment to freedom of trade and to the economic and social progress of the developing countries. UNCTAD had been established precisely in order to correct that structure and to institute in its place a new system which would guarantee both an equitable remuneration to producers in the developing countries and fair prices to consumers in the developed countries.

19. He asked why the goods produced by the toil of African, Asian and Latin American farmers should be sold at much lower prices than the industrial goods produced almost effortlessly in the developed countries. The system was certainly unfair and was equally damaging to consumers in the developed countries and producers in the developing countries. Since its establishment UNCTAD had been trying to rectify that state of affairs; its goals, however, were being achieved only very slowly because the developed countries—the market-economy countries and the socialist countries of Eastern Europe alike—were mainly concerned with their own immediate interests. If those two

groups of countries would show goodwill it would be possible to settle many of the problems that faced the underprivileged countries in developing their economy in general and their agriculture in particular.

20. His delegation endorsed the provisional agenda for the third session of UNCTAD because in it account had been taken of the realities of international trade, the possibilities of bringing the developed countries round to the opinion of the underprivileged countries, the impact of monetary crises and the existing absorptive capacity of the economies of the developed countries. The preparatory work relating to international trade, manufactures, finance, invisibles, shipping, the transfer of technology and the mobilization of public opinion had been very thorough and realistic.

21. As shown by the Action Programmes recently drawn up by the African, Asian and Latin American Groups, the major concern of all the developing countries was the steady deterioration of the terms of trade. Basing itself on the problems of the three regions, the Ministerial Meeting of the Group of 77 had drafted an Action Programme with a view to assisting the developing countries to increase their export earnings, promote their industrialization and accelerate their rate of economic growth.

22. At its second session, UNCTAD had adopted resolutions on guaranteed minimum agricultural income, the stabilization of commodity prices, the possibilities for concluding a general agreement on commodity arrangements, and the expansion and diversification of exports of manufactured and semi-manufactured goods from the developing countries. Almost four years had elapsed since then, and the machinery necessary for the implementation of those resolutions had not yet been worked out. That was due, to some extent, to the lack of political goodwill on the part of the developed countries concerned.

23. Another cause of past failures was that short-term problems of the developed countries had prevented the solutions envisaged for long-term problems. The second Ministerial Meeting had tried to work out a programme of action that would provide long-term solutions to those long-standing problems. It had taken full account of the need to harmonize the views and economic situations of all the developing countries; and it had prepared, in his view, a realistic document, which the developed countries would surely not find it difficult to approve at the third session of UNCTAD.

24. His delegation was particularly happy that the second Ministerial Meeting had turned its attention to the problems of the least developed among the developing countries, problems concerning which no concrete measures had been taken so far, even though UNCTAD, had at its second session, adopted a lengthy resolution on the need for special measures in favour of those countries. It was to be hoped that, now that a list of "hard core" least developed countries had been approved by the Ministers of the Group of 77 and by the General Assembly, special measures would be taken in their favour with respect to commodities, manufactures, financial resources, shipping and the transfer of technology. His delegation also hoped that the Generalized System of Preferences would be extended to the agricultural processed and semi-processed products of those

countries. Certain delegations had expressed doubts about the possibility of granting special preferential treatment to the least developed countries; however, not extending the preference scheme to the agricultural products of those countries would amount to discriminating against them since having little or no industry, they would not be able to benefit from the preferential treatment envisaged for the manufactured goods of the developing countries in general. He hoped that the market-economy developed countries could approve the relevant proposal of the Group of 77, and urged the socialist countries of Eastern Europe to provide in their economic plans for preferential treatment for the products of the least developed countries. He thanked the representative of Finland for his statement, on behalf of the Nordic countries, regarding the problems of the least developed countries, and asked that his statement of gratitude should be included in the summary record of the meeting.

25. Several delegations had expressed the view that consideration of the current monetary crisis was not within the competence of UNCTAD. He did not share that opinion. Currency was the means by which trade was conducted; since monetary problems were harmful to trade, and UNCTAD had been expressly established to promote trade, it was wrong to say that UNCTAD was not competent to consider the implications of the monetary crisis. What was involved was not the examination of a technical problem, but concentration on the problems of producers. It would be a mistake to leave the question of monetary regulation to bankers, who knew nothing about the problems of the developing countries and who viewed the matter only from the point of view of the earning power of money. The present crisis was much too serious, and its implications much too widespread, for its solution to be left to bankers or bank Governors. In his delegation's opinion, the solution could and should be found at the UNCTAD level where, with universal participation of all affected countries, the problems of international trade were discussed.

26. The question of the review and appraisal of progress made towards attainment of the goals and objectives of the Second Development Decade fell largely within the competence of UNCTAD. It was important that that body should do its share without, however, encroaching upon the competence of other United Nations organs and agencies.

27. The mobilization of public opinion was an extremely important question, since the public was inadequately informed about UNCTAD's activities and the need to set up the necessary machinery cannot be over-emphasized. Although Mr. Prebisch had once said that the three pillars of UNCTAD were trade, finance and technology, in his view information could be regarded as a fourth. If rich countries were to assist poor countries, their peoples should know why.

28. UNCTAD was indeed the institution which could provide long-term solutions to the problems of both the developing and developed countries.

29 Mr. HILLEL (Israel) said that the participants at the third session of UNCTAD should strive for positive results in the field of trade and development for the benefit of the developing countries. Apart from the items on the agenda,

the Conference would also have to review specific trade and aid decisions incorporated in the International Development Strategy. The programme of work of the third session would thus be extremely heavy, and certain items would have to be given priority so that substantial results could be achieved at least in some fields.

30. In the monetary field, for example, due account should be taken of the special interests of the developing countries. His delegation subscribed fully to the idea that, despite the serious difficulties that it caused, the present situation provided a unique opportunity to incorporate the vital interests of the developing countries into a new monetary system.

31. Urgent and effective action was needed with regard to the debt burden of the developing countries. If the present trend continued, the debt explosion would soon nullify the already low level of capital flow to the developing countries. Unless all possible action was taken to provide assistance of the type extended by the International Development Association, through a third replenishment, and unless IBRD changed its policy of high interest rates, the situation would deteriorate further. In that connexion, his delegation was pleased that a provision had been included in the Lima document concerning the early establishment of a multilateral interest equalization fund, which would help to soften the terms of development loans provided by multilateral financial institutions and to alleviate the debt burden, which so seriously affected development efforts in many countries.

32. With regard to preferences, he observed that many developing countries had passed the stage of import substitution in their industrialization programme, and were seeking to expand their industrial sector so as to increase their exports of manufactures. The Generalized System of Preferences, which should be applied gradually to all developing countries as such—and not according to their membership in any specific group, system or geographical zone—would help those countries to attract the foreign capital necessary for the development of export industries. In the future, trade between developed and developing countries would have to be viewed not as the exchange of primary products for manufactures, but rather as the exchange of one type of manufacture for another. It was therefore extremely important that UNCTAD, at its third session, should once more give priority to the item on the implementation of the scheme of preferences.

33. In conclusion, he said that the transfer of non-monetary resources of management and technology was no less important than monetary investments. Accordingly, his delegation supported the fruitful activities of UNCTAD in the transfer of technology and hoped that due consideration would be given to that item at the third session.

34. Mr. FALL (Senegal) said that he would assess the results of the second session of UNCTAD. He reserved the right to speak at a later stage on the draft resolutions which would be before the Committee.

35. Referring first to the generalized system of preferences, he recalled that, at the twenty-fifth session of the General Assembly, the working group established to pre-

pare a draft resolution on the generalized system of preferences had been unable to agree on a text. However, extremely useful discussions had been held on the matter in the Second Committee. The difference of opinion had centred on the possible compensation machinery for making good the losses suffered by developing countries which were called upon to share their tariff advantages. It was commonly agreed that such compensation was justified, and UNCTAD had expressly envisaged it at its first two sessions. The Secretary-General of UNCTAD and the regional groups had been requested to carry out studies, on an individual commodity and individual country basis, concerning the consequences of abolishing the existing special preferences and to take the necessary measures to ensure recipient countries advantages equal to the losses which the introduction of the new system would entail. In the report of the Trade and Development Board on its fourth special session,¹ a new concept of compensation had been advanced, according to which any losses which might be suffered as a result of sharing tariff advantages would be offset by the opportunities which access to additional markets of developed countries would offer for the exports of the developing countries. He recalled that several delegations from developing countries, including his own delegation, had not agreed with that point of view. The damage inflicted upon the developing countries in recent times had been even greater: as a result of the removal of some tariff barriers to the advantage of the developing countries, access to the United States market had come to be regarded as an essential element in the trade system of the developing countries; yet instead of lowering the tariff barriers confronting the developing countries, the United States had in fact raised them, particularly by imposing a 10 per cent surcharge, a new tariff barrier introduced by a developed country which was contrary to the recommendations in the Strategy. His delegation could not help but be concerned by the rumour that the surcharge would shortly be lifted in respect of some groups of developing countries which maintained privileged relations with the United States, and even in respect of some industrialized countries. That would amount to the introduction of new tariff preferences, which could not be conducive to the equitable and rational implementation of the generalized system of preferences. His delegation therefore hoped that the 10 per cent surcharge would soon be removed in the interest of all countries, or at any rate all the developing countries.

36. The implementation of a generalized system of preferences could only be regarded as a step forward to the extent that it promoted the development of the greatest possible number of developing countries without harming the interests of any one of them. The system should therefore be applied simultaneously by all preference-giving countries and compensation machinery should be introduced which would be ready to operate at the first warning sign. It was disturbing to note that, five months after the implementation of its system of preferences, the European Economic Community had taken protective measures. It was also regrettable to note, in connexion with the quota allotted to the developing countries for two categories of goods, that the advantages granted, taken as a whole, had benefited only two countries.

¹ See *Official Records of the General Assembly, Twenty-fifth Session, Supplement No. 15*, document A/8015/Rev.1 (part III).

37. He then recalled UNCTAD resolution 21 (II), which stated that the objectives of the generalized system of preferences should be to increase the export earnings of the developing countries, to promote their industrialization and to accelerate their rate of economic growth. No country could attain those objectives if it was deprived of the advantages which it had acquired without being compensated in return. The same resolution had established the Special Committee on Preferences as a subsidiary organ of the Trade and Development Board, but had decided that, for the purpose of the action to be taken with regard to the generalized system of preferences, due account should be taken of the agreements and comments contained in the report of the Second Committee. Those agreements had related to the fact that the generalized system of preferences should offer at least equivalent advantages to the developing countries which enjoyed preferences in some developed countries. Between March 1968, when the second session of UNCTAD had been held, and 1 July 1971, when the first system of preferences had been implemented, no new factor had emerged which might allow the Special Committee on Preferences or the Board to disregard the provisions of UNCTAD resolution 21 (II); on the contrary, the steady deterioration in the world economic situation, the lack of political will and the reluctance on the part of many developed countries to apply a generalized system of preferences should induce the Special Committee on Preferences and the Board to approach the matter with the utmost caution.

38. The Second Committee should request the General Assembly to make constructive recommendations to the third session of UNCTAD to the effect that those problems should be re-examined, taking into consideration the interests of all the developing countries. In his view, that idea might be reflected in draft resolution A/C.2/L.1197.

39. Mr. GUIDIGLO (Dahomey) emphasized the inequities which still existed in international trade. They were partially attributable to the current international division of labour which should be modified.

40. It was regrettable to note that the gap between the industrialized and non-industrialized countries was steadily widening and that there continued to be a dichotomy between the market for raw materials and the market for industrial products. In that connexion, the exports of the developing countries, although increasing in volume, were constantly declining in value; in the case of the industrialized countries, on the other hand, export prices were constantly rising because of the galloping inflation in those countries, which was spreading to the developing countries.

41. His delegation attached particular importance to regional and subregional projects relating to roads and means of communication, as being likely to promote trade. It also felt that industrial development and the application of computer technology to development could promote trade between industrialized and non-industrialized countries. It agreed with the Under-Secretary-General for Economic and Social Affairs that special attention should be paid to incomes policy in the major industrialized countries. His delegation hoped that UNCTAD, UNIDO and UNDP would combine their efforts in order to achieve a co-ordinated economic balance.

42. In conclusion, it was gratifying to note that special attention was being paid to the developing countries in the

preparation of international trade law. Compensatory measures should be worked out to make good the losses suffered by the non-industrialized countries in their trade with the industrialized countries.

43. Mr. RODRIGUEZ (Panama) said that the international monetary crisis, the constant, uncontrolled increase in maritime transport costs, the proliferation of tariff and non-tariff barriers occurred against the will of the international community which sought to solve the problems affecting international trade on a basis of co-operation and justice; in other words, the measures taken by a small number of States were frustrating the efforts of international bodies to arrive at solutions which were technologically correct and morally just. Furthermore, those facts tended to increase the gap between the developing and the developed countries. He therefore considered it necessary to strengthen international action to watch over international liquidity, maritime transport costs, liberalization of tariff barriers and other financial or economic factors affecting international trade; that would require accelerated development of the developing countries and the establishment of a new structure of international economic relations based on a more just and dynamic international division of labour.

44. For those reasons the Panamanian delegation was interested in the organization of the next session of UNCTAD and particularly in the inclusion of an item concerning the economic effects of the closure of the Suez Canal in the agenda for the Conference. It reaffirmed its support for the position adopted at Lima by the Group of 77, particularly the recognition of the importance of that waterway for international trade and the need for Egypt to recover the exercise of its full sovereignty over the whole of its territory, and also for the efforts of the United Nations and other countries to obtain the reopening of the Suez Canal in a context which would guarantee international peace and security. Panama also had an inter-oceanic waterway of prime importance for world sea trade; that waterway was used for military purposes outside of the agreement by which it was created, thereby endangering not only the waterway but also the safety of Panama. Moreover, the vitiated legal provisions regulating the use of that waterway deprived Panama of sources of energy and prevented it from taking full advantage of its geographical situation. That situation was completely contrary to the resolutions approved by the United Nations on natural resources, and to the provisions of the Lima Declaration and the principles underlying the International Development Strategy. He then read an extract from section C of the Declaration of the Group of 77, concerning the armaments race, colonialism, racial discrimination, *apartheid*, occupation of the territories of any State, and any form of dependence. That situation was radically opposed to the principle of the Declaration that every country has the sovereign right freely to dispose of its natural resources in the interests of the economic development and well-being of its own people.

45. In conclusion he stated that peace was impossible in the world so long as the Republic of Panama did not exercise its absolute sovereignty over the inter-oceanic waterway.

The meeting rose at 1.20 p.m.