

United Nations
**GENERAL
 ASSEMBLY**

EIGHTEENTH SESSION

Official Records



**SECOND COMMITTEE, 920th
 MEETING**

Monday, 11 November 1963,
 at 10.55 a.m.

NEW YORK

CONTENTS

	Page
<i>Agenda item 39:</i>	
Co-operation for the eradication of illiteracy throughout the world: report of the United Nations Educational, Scientific and Cultural Organization (continued)	243
<i>Agenda item 12:</i>	
Report of the Economic and Social Council (continued)	243
<i>Agenda item 33:</i>	
Economic development of under-developed countries:	
(e) Establishment of a United Nations capital development fund: report of the Committee on a United Nations Capital Development Fund	245

Chairman: Mr. Ismael THAJEB (Indonesia).

AGENDA ITEM 39

Co-operation for the eradication of illiteracy throughout the world: report of the United Nations Educational, Scientific and Cultural Organization (E/3771 and Corr.1 and 2, A/5527, A/C.2/L.733/Rev.2) (continued)

1. The CHAIRMAN said he shared the concern expressed at the preceding meeting by the Yugoslav representative concerning the amount of time the Committee was spending on the forty-Power draft resolution concerning a world campaign for universal literacy (A/C.2/L.733/Rev.2). At its present rate of progress, the Committee would not only fail to complete its work by the time-limit of 6 December; it would not finish its work at all. He therefore suggested that under rule 115 of the rules of procedure, the Committee should formally limit all statements to five minutes, including explanations of vote.

It was so agreed.

2. Mr. SOUSSANE (Morocco) emphasized that illiteracy was a universal problem because it retarded the development of human resources on which all countries depended. It was particularly acute in the developing countries where it impeded both agricultural and industrial progress. In modern society, the illiterate always suffered because he was not indispensable and he could not take part in the processes of democracy because he was the prisoner of his own ignorance. When he did react, it was sometimes with violence. Following their liberation from feudalism and oppression, the developing countries had undertaken vast programmes to promote primary education, vocational training and adult literacy.

3. Fortunately, Morocco had been endowed with an Arab civilization dating back several centuries. But it still had to face the problem of re-adapting its traditional system to modern needs and of extending the benefits of education to all its citizens. Between 1956 and 1963, the number of students attending school had risen from 235,000 to more than 1.5 million. In October 1963, school attendance had become compulsory for children over the age of six. Vocational schools and technical centres had been built in all large towns. Morocco had launched its first campaign against illiteracy in 1956 and that campaign had been so successful that political parties, trade unions, commercial enterprises and other organizations now had their own adult literacy programmes.

4. Morocco had benefited from international co-operation in the field of education and it was on such co-operation that the sponsors of the revised draft resolution (A/C.2/L.733/Rev.2) based their efforts to launch a world campaign for the eradication of illiteracy. The campaign would constitute one of the most remarkable and most practical achievements of the United Nations.

5. Mr. CARRILLO (El Salvador) recalled that, in the general debate, he had expressed his country's willingness to support any United Nations proposal designed to combat ignorance throughout the world. El Salvador had recently launched a literacy crusade which had already affected about 50,000 people, but it was planned to make more than 500,000 Salvadorians literate within five years. El Salvador was devoting 21.6 per cent of its national budget, the largest single allocation, to education. The Constitution of El Salvador stated that all citizens had the right and the duty to receive basic education, including primary education and that primary education should be free when it was provided by the State. His delegation would support the draft resolution and the Nicaraguan amendment (A/C.2/L.758).

6. The CHAIRMAN proposed that the Committee postpone consideration of the draft resolution until the sponsors had prepared a new revised text.

It was so decided.

AGENDA ITEM 12

Report of the Economic and Social Council (A/5503, A/C.2/L.736) (continued)

7. The CHAIRMAN invited the Committee to continue its consideration of the draft resolution of Bolivia and Brazil concerning the role of patents in the transfer of technology to developing countries (A/C.2/L.736).

8. Mr. FINGER (United States of America) said that private investment—both domestic and foreign—was a significant factor in accelerating industrialization in the developing countries. Anyone planning an investment which involved a patent licensing agreement

would consider the effectiveness of patent protection in the recipient country. Theoretically, a country could have free access to all the technology embodied in patents without maintaining a patents system. However, the information disclosed in patents was not sufficient for the potential user; he must possess the related technology in order to apply the patented process. Since, today, patent licenses usually involved commitments for the provision of technical assistance, the licensee obtained much more than mere patent rights. The local economy benefited by the acquisition of valuable industrial techniques, while royalties were often more than offset by increased earnings of foreign exchange or, alternatively, from savings of exchange owing to the availability from local sources of a product or service which previously had been imported.

9. The representative of Brazil had stated (919th meeting) that the impact of patents on the technological progress of the developing countries had been negligible. But that had not been due to their excessive use; quite the contrary. They had certainly played a significant role in the remarkable rate of industrial development achieved in Brazil. Undoubtedly, there had been abuses, but they were not inherent in the patents system and could be corrected through domestic legislation. Pools of patents, cross-licensing arrangements and price or output restrictions were activities outside the scope of the patent law or the patent grant. They were restraints of trade or restrictions of competition in which a patent might be used as a tool just like other tools. But the tool should not be destroyed merely because it was being misused.

10. Although it was somewhat premature to comment on the interim report of the Secretariat on the role of patents in the transfer of technology to underdeveloped countries (E/C.5/35), the representative of Brazil had objected to the part played in the preparation of the report by the International Union for the Protection of Industrial Property. But that body had merely submitted an analysis of the patent statutes of thirty-six countries and it had not influenced the study of the economic questions involved. Indeed, more reliance might have been placed on its experience. The Union had fifty-nine member countries. Those included Brazil. It would be a great mistake to think that the Union protected special interests. Its objectivity and its desire to be of special usefulness to developing countries had been repeatedly and clearly manifested in its whole history, particularly in recent months. In August 1963, the secretariat of the Union had organized a seminar at Brazzaville for nineteen African countries to determine ways in which the patent system could be useful to the development of those countries. The secretariat of the Union had been invited by the Government of Colombia to organize a seminar on Latin American industrial property, at Bogotá, in the summer of 1964. The previous month, at Geneva, under the aegis of the Union, a group of experts from Algeria, Brazil, Colombia, Czechoslovakia, Iran, Japan, Sweden, Tanganyika, Venezuela, Cameroon and Yugoslavia had met to discuss ways in which the patent system could be made of increasing benefit to the developing countries.

11. His delegation would vote for the draft resolution (A/C.2/L.736) on the understanding that the Secretary-General would continue with the preparation of the valuable study which was under way and would make full use of organs competent in the field of patents,

including the most knowledgeable one, the International Union for the Protection of Industrial Property.

12. Mr. STANOVNIK (Yugoslavia) said that his delegation fully supported the draft resolution under consideration. Yugoslavia attached particular importance to the role of patents in the transfer of technology to developing countries, and it considered that the draft resolution should be adopted so that the United Nations Conference on Trade and Development would be able to give serious attention to the subject.

13. The study to be prepared by the Secretary-General in pursuance of General Assembly resolution 1713 (XVI) should take into account not only the juridical aspects of the matter but also the important role that patents could play in the economic development of the developing countries.

14. He was pleased to note the United States representative's remarks to the effect that it was within the Power of every State to correct abuses connected with patents. It was generally agreed among the members of the Committee that the Conference should consider the matter and work out measures to prevent such abuses.

15. It was high time to examine ways in which the international patent system could speed up the flow of technical knowledge and managerial skills to the developing countries. His delegation would vote in favour of the draft resolution.

16. Mr. WHYTE (United Kingdom) agreed with the Brazilian representative that the draft resolution was procedural and unprovocative, and he said that his delegation would support it. But he could not agree with everything the Brazilian representative had said in introducing the draft resolution and he reserved the right of his delegation to intervene again if there was to be a full-scale debate on the substance of the question.

17. Mr. SIMHA (India) said that the transfer of technology was one of the most essential factors for the economic development of the developing countries, which attached great importance to technical assistance and the flow of capital. He agreed with the Yugoslav representative that the study should not deal with the juridical aspect to the exclusion of the economic questions involved. Patents provided incentives to investors, but their importance should not be exaggerated. There was a need for a bold and pragmatic view in the matter. His delegation was happy to support the draft resolution.

18. Mr. RENAUD (France) said that his delegation considered it essential that the Secretary-General should continue with the preparation of the study referred to in the draft resolution. That study would be a very useful contribution to the activities which the United Nations would carry out in years to come. His delegation attached great importance to the recognition of the rights of holders of industrial patents. The Convention establishing the International Union for the Protection of Industrial Property had enabled signatory countries to prevent abuses in the exploitation of techniques protected by patents. The existing legislation was not directly responsible for the difficulties encountered by the developing countries, which were more often attributable to the exploitation of known techniques that were not patented than to "trade secrets" which were the subject of section 3 of document E/C.5/35. His delegation considered the Convention to be satisfactory, on the whole. In pre-

paring the study, the Secretary-General should in any case make use of the services of the International Union for the Protection of Industrial Property.

19. His delegation would support the draft resolution, although it doubted whether the comprehensive study called for could be completed within such a short period of time.

20. Mr. VLASENKO (Ukrainian Soviet Socialist Republic) said that the possibility of using the achievements of science and technology was of great importance for the economic development of the under-developed countries. The socialist countries were already supplying free of charge technical and scientific knowledge to the developing countries.

21. As previous speakers had stressed, patents played an important part in the dissemination of technical and scientific knowledge. It would be very useful if the United Nations Conference on Trade and Development could give serious consideration to the role played by patents. His delegation would support the draft resolution.

22. Mr. NATORF (Poland) expressed his gratitude to the delegations of Bolivia and Brazil for their draft resolution. With regard to operative paragraph 1, while there might be some doubts concerning the nature of the study to be carried out, his delegation saw no inconsistency between the experience of organizations and the need for an objective study. The Secretary-General should be able to make use of the specific data available and of the views of Member States.

23. His delegation would vote for the draft resolution and hoped that it would be adopted.

24. Mr. EL BANNA (United Arab Republic) thanked the delegations of Bolivia and Brazil for their initiative in submitting the draft resolution. His delegation intended to submit to the Committee a draft resolution on the importance of science and technology for developing countries. He agreed with the Yugoslav and Indian representatives that the new study to be undertaken by the Secretary-General should also take account of the economic aspects of patents. Attention should also be given in the study to the analysis of information with a view to eliminating abuses connected with patents.

25. His delegation would support the draft resolution.

26. Mr. CARRILLO (El Salvador) recalled that the draft resolution mentioned the Committee for Industrial Development in which there had been an extensive debate on the transfer of technology to developing countries, thus demonstrating the importance of patents in aiding those countries to attain their objectives.

27. His delegation would vote in favour of the draft resolution.

28. Mr. HAMID (Iraq) said that, in view of the significant role played by patents in the transfer of technology to the developing countries, Governments would attach considerable importance to the measures which the United Nations Conference on Trade and Development might take in that connexion. It was essential, therefore, that the study should be completed in time for submission to the Conference.

29. He thanked the delegations of Bolivia and Brazil for having submitted the draft resolution under study and said he would vote for it.

30. Mr. ALI (Pakistan) said that, since patents and trademarks were often interlinked, the Secretary-General's study should bear that interrelationship in mind.

The draft resolution (A/C.2/L.736) was adopted unanimously.

AGENDA ITEM 33

Economic development of under-developed countries (A/5532):

(e) Establishment of a United Nations capital development fund: report of the Committee on a United Nations Capital Development Fund (E/3790 and Add.1 and 2, A/5536, A/C.2/L.738 and Corr.1 and Add.1-3)

31. Mr. STANOVNIK (Yugoslavia), introducing the joint draft resolution (A/C.2/L.738 and Corr.1 and Add.1-3), said that the matter of a United Nations capital development fund should be viewed in the light of the new era in world economic progress to be ushered in by the United Nations Conference on Trade and Development. Originally, the idea of the fund had been a reflection of the developing countries' desire for more intensive international co-operation and for ways and means to achieve their economic and social advancement. The fifteen years which had elapsed since the fund had first been suggested had proved that the arguments advanced at that time by the developing countries were entirely justified. The problem of economic development could not be solved by international assistance alone; an expansion of the trade of the developing countries was also essential. However, despite the trend towards a liberalization of the trade and stabilization of the export earnings of those countries, there still remained a vital need for long-term credit. It was therefore logical that the Conference should consider the subject of a United Nations capital development fund in conjunction with the whole question of long-term financing and of trade.

32. The opponents of the establishment of a capital development fund had mentioned the proliferation of new institutions. However, there was no harm in the existence of a large number of organizations, provided that they were suitably specialized and their activities were co-ordinated. If the United Nations was to lay a sound basis for world peace and progress, it should have at its disposal the necessary means and instruments. The draft resolution was not soliciting contributions but merely requesting a study of the practical steps to transform the Special Fund into a capital development fund. The developing countries had expressed the conviction that the establishment of such a fund was feasible; the first step was to examine the whole question realistically.

33. General Assembly resolution 1219 (XII) had provided, in section III, for a review of the scope and future activities of the Special Fund to encompass activities in the field of capital development. The need for such a review had been reaffirmed in part C of General Assembly resolution 1240 (XIII). The success of the Special Fund proved that it was entirely feasible to engage in such an operation within the context of the United Nations and its principles and that such an arrangement would have moral, political and economic advantages. The sponsors of the draft resolution wanted the Special Fund to continue its activities. However, neither the Special Fund nor the Expanded Programme of Technical Assistance would be successful in pro-

moting economic growth unless there was a logical sequel to their activities; it was inconceivable for capital development financing to remain outside the United Nations. It was not intended that the United Nations should have a monopoly of long-term financing, any more than it had a monopoly of technical assistance or pre-investment activities. However, it was logical and necessary for it to have an instrument for financing, as well as for technical assistance and pre-investment, to permit independent action in pursuance of the specific purposes of the Charter.

34. The draft resolution in no way prejudged the result of the study requested in operative paragraph 2 (a). The rate of increase of contributions to the Special Fund had been comparatively slow, but there was hope that in the future countries would contribute more to United Nations assistance programmes and spend less on armaments. Finally, there was an obvious need for an extension of the mandate of the Committee on a United Nations Capital Development Fund, as requested in operative paragraph 1.

35. Mr. van TILBURG (Netherlands) recalled that his country had always adopted a positive attitude towards the establishment of a United Nations capital development fund. It had been a sponsor of General Assembly resolution 1826 (XVII) and was happy to co-sponsor the draft resolution under study, which it hoped would be unanimously adopted.

36. The views of the Netherlands delegation on the establishment of a capital development fund were expressed in paragraphs 11, 25-29 and 36 of the report of the Committee on a United Nations Capital Development Fund (A/5536). Denmark and the Netherlands favoured an extension of the existing mandate of the Special Fund into the field of capital development financing. The cash balances of the Special Fund, which currently stood at a relatively high level, did not represent money available for such financing. The high level of those balances was purely temporary. The short-term loans from the balances mentioned by the Managing Director of the Special Fund in his statement (882nd meeting) should therefore be on a strictly short-term basis and fully recoverable. His delegation thought that the Secretary-General's study of the practical steps to transform the Special Fund into a capital development fund should be based on the formula of "no prejudice, no commitment" and that it should take into account the views contained in the report of the Committee on a United Nations Capital Development Fund and expressed during the debate in the Second Committee.

37. Mr. MALM (Sweden) said that immense efforts were still needed on the part of the developing countries, in co-operation with the industrialized nations, in order to achieve self-sustaining economic growth. Even if there was a considerable increase in the flow of capital from the industrialized countries, such assistance would for a long time be inadequate

to meet the needs of the recipient countries. It was therefore vital to ensure the maximum efficiency of all types on international assistance. If a change in the machinery for any one type of development activity was contemplated, there should be no interference with the efficiency of other development activities. Consequently, although his delegation supported the draft resolution before the Committee, it thought that the study on the possible transformation of the Special Fund into a capital development fund should not prejudge the outcome of the current deliberations on a possible merger of the Special Fund and the Expanded Programme. As those deliberations proceeded and more practical experience was gained, it might be found that the most rational solution would be the creation of an organ combining technical assistance, pre-investment and investment functions.

38. The fact that the major potential contributors preferred to give capital aid through other channels and had not indicated willingness to contribute to a United Nations capital development fund did not preclude discussion of the establishment of such a fund at a later stage, when resources were available. In addition to such preparatory discussion, the Special Fund might make immediate efforts to increase the flow of capital to the developing countries. For example, it might intensify its operations in the border area between pre-investment and investment. Pilot projects were an example of such operations, and attention should be concentrated on pilot projects to stimulate industrial development. Another step might be to institute, under the auspices of the Special Fund, a programme of bilateral investment projects. The Special Fund could encourage bilateral aid projects by accelerating its excellent pre-investment work and by indicating projects expected shortly to be ready for investment. The Special Fund might also assist in drawing up model investment agreements and thereby help to safeguard fair practices in such agreements.

39. In all those activities, the Fund should co-operate closely with the International Bank, the International Development Association and the regional economic commissions. A programme of bilateral and completely voluntary investment projects sponsored by the United Nations could lead to an increase in investments on liberal and non-political terms. It would provide new opportunities for smaller countries like Sweden to participate more actively in international investment activities. It could increase confidence in United Nations development activities and thus create better conditions for more extensive multilateral efforts at a later stage. The Secretary-General might bear those suggestions in mind when undertaking the study requested in the draft resolution without, however, losing sight of the final goal—the establishment of a United Nations capital development fund.

The meeting rose at 1 p.m.