



## ECONOMIC AND SOCIAL COUNCIL

Thirty-fifth Session

OFFICIAL RECORDS

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## CONTENTS

	Page
<i>Agenda item 3:</i>	
<i>Declaration on international economic co-operation (continued) . . . . .</i>	<i>77</i>

*President:* Mr. Alfonso PATIÑO (Colombia).

*Present:*

Representatives of the following States: Argentina, Australia, Austria, Colombia, Czechoslovakia, El Salvador, Ethiopia, France, India, Italy, Japan, Jordan, Senegal, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay, Yugoslavia.

Observers for the following Member States: Afghanistan, Bolivia, Brazil, Bulgaria, Canada, Ceylon, Chile, China, Denmark, Greece, Hungary, Israel, Nepal, Netherlands, Norway, Pakistan, Peru, Philippines, Poland, Romania, Sweden, Thailand, Turkey, Ukrainian Soviet Socialist Republic, United Arab Republic.

Representatives of the following specialized agencies: International Labour Organisation; Food and Agriculture Organization of the United Nations; United Nations Educational, Scientific and Cultural Organization; World Health Organization.

The representative of the International Atomic Energy Agency.

## AGENDA ITEM 3

## Declaration on international economic co-operation (E/3725, E/L.991) (continued)

1. Mr. PARSONS (Australia) introduced the draft resolution sponsored by his delegation and those of India, Jordan, Senegal and Yugoslavia (E/L.991). He said that the main factor in the present situation was the unfinished state of the draft declaration on international economic co-operation; some progress had been made in certain areas, but the Council would do better to postpone consideration of the substance of the matter until the Ad Hoc Working Group had finished its work and produced a final text. The draft resolution therefore confined itself to noting with appreciation the progress already made, extending the Working Group's mandate, and drawing the attention of the Preparatory Committee of the United Nations Conference on Trade and Development to certain paragraphs of the Working Group's report which were concerned with international trade.

2. Mr. SOLODOVNIKOV (Union of Soviet Socialist Republics) expressed satisfaction that the draft declaration had finally passed from the preparatory stage to that of practical discussion and drafting. The Soviet delegation, as the initiator of the project,<sup>1/</sup> welcomed

the report of the Ad Hoc Working Group (E/3725) and wished to thank the other members of the Group for the spirit of co-operation they had shown. The Working Group had approached its task in a manner fully consistent with the work of an international organization, and all decisions had been adopted unanimously without recourse to formal voting. The hopes expressed at the Council's thirty-third session had thus been vindicated; even some of the delegations which had initially doubted the need for a declaration on international economic co-operation had taken part in drafting its principles.

3. As the report showed, the Working Group had achieved a wide measure of agreement. Article 1 of the draft declaration had been approved unanimously, as had the principles which should govern the granting of assistance to the less-developed countries set forth in article 6; the legal foundations had thus been laid for international relations in that connexion. No less important was the principle, set forth in article 3, that economic relations among countries, including trade, should be founded on the principles of equality, mutual benefit and non-interference in internal affairs; that article, too, had been approved unanimously. Article 2, based on proposals by Colombia, Brazil, India and Yugoslavia, had also proved acceptable to all members of the Group. Several of the articles had been modified to meet the proposals of various delegations. The results of the Group's work thus showed that it was possible for countries to reach agreement consistent both with the principles of the United Nations and with their own national interests.

4. Work on the declaration was particularly important in the light of the preparations for the forthcoming United Nations Conference on Trade and Development. As the Head of the Soviet Government had observed, that Conference would be a forum where principles of trade could be established which would serve the interests of all countries without discrimination of any kind. The provisional agenda of the Conference included a special sub-item on the drafting of such principles.

5. The articles on which agreement had already been reached would presumably form the basis of the final text of the declaration, and the Working Group must now be given an opportunity to bring its work to a successful conclusion. His delegation did not doubt that further patient negotiation would result in agreement over such difficulties as yet remained.

6. One area of disagreement concerned the principles of peaceful coexistence and economic co-operation. But those principles were the only possible alternative to war, whether cold or hot, and indeed they had been reflected in joint resolutions and statements adopted at a whole series of international conferences, particularly those which concerned the developing countries of Africa and Asia.

<sup>1/</sup> See Official Records of the General Assembly, Fifteenth Session, Annexes, agenda items 12, 29 and 74, document A/4648, para. 48.

7. It was not enough merely to recognize those principles: all States must strive to transform the mere absence of war into active co-operation in all fields, above all, that of international economic relations. The latter was of paramount importance, for international trade, provided it developed with due regard for the fair international division of labour and the interests of all countries, could exert an enormous positive influence on the economic growth of the developing countries. At the same time, international economic relations served as a barometer by which changes in the international climate as a whole could be gauged, and could do much to create greater mutual confidence. Peaceful economic competition, the only alternative to war, would show which system was the more effective in promoting economic development.

8. It might be supposed that there was a contradiction between peaceful coexistence and economic competition, but there was none; on the contrary, economic competition would strengthen the peace by removing the threat of war and helping to improve levels of living. Unfortunately, there were still those who disliked the development of mutually advantageous international economic relations and sought pretexts for rejecting peaceful economic competition and peaceful coexistence. But all such obstacles could and must be swept aside; the overwhelming majority of countries wanted to see international economic co-operation develop for the advantage of all, and the United Nations must ensure that it did so. For the developing countries, that meant above all a rational and equitable international division of labour, and his delegation accordingly believed that the declaration should reflect principles guaranteeing the rights of those countries in their relations with the industrially developed States. Moreover, the drafting of principles relating to international trade for inclusion in the declaration would greatly assist the work of the Preparatory Committee of the United Nations Conference on Trade and Development.

9. The adoption of a declaration would lay sound legal foundations for the development of international economic co-operation, and the strict observance of its principles would do much to dispel international distrust and to banish the cold war from international economic relations. His delegation therefore proposed that the Working Group should be given the time it needed to complete its work, whereupon it could submit an appropriate document to the Council. Meanwhile, he hoped the Council would approve the progress so far achieved by the Working Group. Since not all members of the Council had served on the Group, he hoped that the delegations concerned would also take the opportunity of expressing their views on the Group's work.

10. In view of the above considerations, his delegation would support the five-Power draft resolution (E/L.991).

11. Mr. FRANZI (Italy) agreed with the Soviet Union representative that the Ad Hoc Working Group had worked in a spirit of co-operation; unfortunately, however, it had reached agreement only on points which had for long been unanimously accepted, while on other matters it had simply agreed to disagree. He believed that the Group might be able to achieve further results, provided that it was reconvened after the results of the United Nations Conference on Trade and Development became known.

12. He would support the five-Power draft resolution as it stood if a majority of the Council was in favour of that text, but he would prefer to see a number of changes made. The title should read "Question of a declaration on international economic co-operation", because the Working Group had not even decided that the statement of principles would necessarily take the form of a declaration. He appreciated that operative paragraph 2 was a compromise text, but it would be better omitted; the reason why the proposals mentioned in paragraphs 58-64 of the report of the Working Group (E/3725) had not been disposed of—to quote the heading prefixed to those paragraphs—was that the Group had decided to postpone consideration of them pending the results of the United Nations Conference on Trade and Development, and it would only confuse the Preparatory Committee to draw its attention to them as though they represented conclusions of the Working Group. The word "Declaration" should be deleted from the third preambular paragraph of the draft resolution, for the reason he had mentioned in connexion with the title, and also to bring the text into line with that of operative paragraph 3. In the latter, the words "the Working Group of twelve members nominated by the President" should be replaced by the words "the Ad Hoc Working Group", in order to make it clear that the mandate of the group as previously constituted was to be extended; he assumed that that was the intention of the sponsors, and it would be easier to achieve agreement if there was no change in the membership.

13. Mr. MATSUI (Japan) expressed appreciation of the efforts made by members of the Working Group and emphasized the vital need, in formulating any set of principles, to ensure the full support of all Member States by leaving no room for misunderstandings, whatever the final form in which the principles were incorporated. It was not surprising that the Working Group had been unable to reach agreement on all the difficult problems involved in the time available to it, and any attempt by the Council to study the matter in detail at its current session would not promote a solution. Consequently, his delegation fully supported the five-Power draft resolution, which he hoped would be unanimously adopted subject to any amendments needed to improve the text.

14. Mr. TETTAMANTI (Argentina) said that it seemed odd for the Council to take up the draft resolution without having first discussed the report of the Ad Hoc Working Group. If the Council really wanted to adopt a declaration on international economic co-operation, it should face squarely the points of disagreement which had arisen in the Working Group; it would then be in a position to give the Group the guidance it needed. The Council would not be justified in simply agreeing to disagree and turning the whole problem over to the Preparatory Committee, which was in any case already over-loaded. However, his delegation did not wish to go against what appeared to be the majority view and would therefore vote for the draft resolution, with grave reservations concerning operative paragraph 2.

15. Mr. DUPRAZ (France) agreed with the representative of Italy that any ambiguity as to the composition of the Working Group should be avoided in the draft resolution; the Council could scarcely note with appreciation the progress made by the Group and then proceed to change its membership.

16. Since it was proposed to draw the attention of the Preparatory Committee to certain paragraphs in the report of the Ad Hoc Working Group (E/3725) which did not reflect any agreement between the members of the Group, he thought it necessary to reiterate his delegation's attitude to the general lines of the Soviet Union proposal, as submitted to the General Assembly at its fifteenth session<sup>2/</sup> and, in a revised form, to the Council at its thirty-third session. Article 1 (3) of the Charter referred to the efforts Member States were required to make in order to solve international problems of an economic character through international co-operation, but it left them free to meet those requirements unilaterally, through their national policies, or collectively, through their participation in the organizations concerned with economic co-operation. The most important factors were the spirit displayed by each Member State and a common concept of co-operation. The obligations assumed by States were clearly defined in international agreements, and any principles proclaimed by the United Nations must take account of existing treaties; it was for that reason that his delegation had warned the General Assembly and the Council of the dangers of any text which was too broad and therefore ambiguous. France had also repeatedly stated that agreement on a code of commercial practice was a prerequisite to the development of economic relations between those countries whose foreign trade was in the hands of monopolies and those which permitted a large measure of private enterprise; he noted that ECE had made some useful studies in that connexion.

17. The report of the Ad Hoc Working Group clearly indicated that the unanimity which must obtain if the declaration was to have the desired universality was lacking; indeed, there was disagreement even on definitions of the factors upon which domestic policy must be based. The text submitted by the Soviet Union made it practically impossible to discuss the item usefully at the current session, and the only course possible was to renew the mandate of the Working Group. Consequently, his delegation could agree to the five-Power draft resolution, on the assumption that the Preparatory Committee would understand that the proposals set out in the paragraphs referred to it had not been disposed of by the Group.

18. Mr. PASTORI (Uruguay) said that his delegation did not consider such a declaration appropriate, not because it failed to recognize the fundamental importance of economic co-operation in many countries, including Uruguay, but because the General Assembly and the Council itself had already adopted a whole series of resolutions and the draft submitted would merely weaken the principles already approved and complicate the process of interpreting and implementing those principles.

19. Moreover, since the idea of a declaration had first been advanced, it had been decided to convene a United Nations Conference on Trade and Development, one of the main purposes of which would undoubtedly be to study matters of vital importance for the developing countries. The fact must be faced that the Working Group had been unable to make further progress, not through lack of time, but because of the impossibility of drafting a declaration acceptable to all delegations. He saw no point, therefore, in instructing the Group to continue its work, especially since, even if a declaration of principles was even-

tually agreed upon, those countries most able to ensure its implementation had not yet shown any interest in the implementation of resolutions which were much less far-reaching but were still important for the developing countries. The Council would do far better, for example, if it took effective action to eliminate the discriminatory measures applied by many of the Contracting Parties to GATT, in flagrant violation of the provisions of that Agreement, and if it advanced the scheme already on foot to set up a compensatory fund to offset the unfavourable balance-of-payments situation of the primary producing countries caused by price fluctuations or the restriction of markets.

20. His delegation could not support the five-Power draft resolution because economic co-operation was of such importance to Uruguay that it could not support a text which made no provision at all even for the initial process of implementation. If one of the primary functions of the Conference was to be the approval of the paragraphs of the report of the Ad Hoc Working Group (E/3725) mentioned in operative paragraph 2, he greatly feared that the Conference would be a complete failure. Time was too short for the submission of an alternative draft resolution, but he trusted that his remarks would be borne in mind in the future work of the Council.

21. Mr. FINGER (United States of America) said that, in spite of its exertions and its co-operative spirit, the Ad Hoc Working Group had not achieved very encouraging results for it had been unable to agree on the really important issues. He agreed with the Uruguayan representative that the preparation of a draft declaration on international economic co-operation was not the most promising field of endeavour for the Council in the immediate future.

22. The present draft was less favourable to the under-developed countries than General Assembly resolutions 1515 (XV) and 1710 (XVI). It was apparent from paragraph 51 of the report of the Ad Hoc Working Group (E/3725) that principles already adopted unanimously by the Working Group of the Committee on a United Nations Capital Development Fund concerning assistance to developing countries were omitted. In particular, the text omitted the suggestions of the Yugoslav representative that due account should be taken of the balance-of-payments position and prospects of the developing countries in formulations of the terms on which aid was arranged, and of the Indian representative that assistance could also be given to support general development plans, where such plans existed, or to meet general development requirements. Such an omission seemed a retrograde step. The text of the declaration as it stood did not appear to further the work of the United Nations or to promote the welfare of the developing countries.

23. Disagreement in the Ad Hoc Working Group about the preamble had mainly concerned semantics. The United States representative had opposed the use of the expression "peaceful coexistence" because of its unfortunate connotations. He had preferred the term "peaceful and friendly relations" which was taken from Article 55 of the Charter and which, surely, all delegations could have agreed upon. The United States had had no objection to economic "competition" as such—in fact, rather favoured it—but some of the developing countries had felt that such a word was inappropriate when applied to relations between developed and developing countries, and the United States sympathized with their viewpoint.

<sup>2/</sup> Ibid.

24. In any event, his delegation agreed with the Argentine, French and Uruguayan representatives that the Council had much more important topics to discuss. From the standpoint of benefits to developing countries, the draft declaration was less comprehensive than General Assembly resolution 1515 (XV), less useful than General Assembly resolution 1710 (XVI) and less helpful than the GATT ministerial declaration. Nevertheless, the United States would continue to co-operate in good faith in the preparation of the draft to the extent that it was possible to reach agreement.

25. His delegation had doubts about operative paragraph 2 of the five-Power draft resolution. It would prefer that all work on the draft declaration be stopped until the end of the United Nations Conference on Trade and Development. That Conference must concentrate on the specific problems of the developing countries. It must not waste time formulating principles that were already quite adequately expressed in other resolutions or trying to settle issues on which the Ad Hoc Working Group could not agree. After the conclusion of the Conference and on the assumption that it would lead to a deeper understanding, it might be worth-while to continue the preparation of the draft. At the moment, there were more important things to be done. The Council had already been told that, mainly as a result of the convening of the Conference, considerable pressure would be exerted on the Secretariat and that certain meetings—that of the Commission on Human Rights and of the Social Commission, for example—might have to be postponed. It would be extremely difficult for the United States to agree to such postponements while participating during the early part of 1964 in work which was of relatively marginal interest.

26. Mr. DELGADO (Senegal) said his delegation had already pointed out at the Council's thirty-third session that it favoured international economic co-operation and that it welcomed the draft declaration on that subject. But the declaration must be realistic; it must concentrate on the problems of the developing countries. In fact, the main issue was trade between the developing and the industrialized countries. Although the Ad Hoc Working Group had displayed a spirit of co-operation, it had encountered serious difficulties and had not completed its work. Nevertheless, the draft it had prepared was a useful first step. If the same co-operation could be achieved at further sessions and if sterile arguments about the meaning of "peaceful coexistence" could be avoided, then a useful statement of principles might emerge.

27. His delegation attached special importance to operative paragraph 2 of the draft resolution. The paragraphs of the report (E/3725) concerned with international trade should indeed be discussed in the wider forum of the United Nations Conference on Trade and Development. The declaration should be a synthesis of established principles and should form a kind of charter of economic co-operation. The Ad Hoc Working Group should therefore be instructed to continue its work, as proposed in the draft resolution. The text had been the result of considerable negotiation and really concerned only a procedural matter. He hoped that it would be adopted unanimously.

28. Mr. TETTAMANTI (Argentina) said he was optimistic about the possibility of preparing the declaration on international economic co-operation, although he was not certain exactly when it could be completed.

In any event, the work on it should continue in a spirit of co-operation and, as he had already suggested, should be concentrated on principles already agreed upon.

29. The PRESIDENT invited the observer from Afghanistan to address the Council.

30. Mr. TABIBI (Afghanistan) recalled that, when the draft declaration had first been submitted to the Council at its thirty-first session, Afghanistan, which had then been a member, had submitted an amendment<sup>3/</sup> stressing the right of land-locked countries to free access to the sea and their entitlement to most favourable treatment as regards the use of ports and the full enjoyment of free transit. Afghanistan had submitted that amendment, which was in line with General Assembly resolution 1028 (XI) and many international treaties, as a representative not only of the under-developed countries but also of the land-locked countries which formed almost one sixth of the nations of the world. Without such an amendment, no declaration on international co-operation would be complete.

31. When the declaration and its amendments had been discussed at subsequent sessions of the Council (Afghanistan no longer being a member), new proposals had been submitted on the right of land-locked countries to free access to the sea, firstly, by the delegation of India<sup>4/</sup> and, secondly, by the United States (E/AC.50/L.1). Annex IV of the report of the Ad Hoc Working Group (E/3725) contained a simplified version of the original Afghan amendment, but unfortunately several of its most important elements had been omitted. Following objections by the Indian and United States representatives, the provision concerning the right of land-locked States to most favourable treatment had been dropped, an omission that was contrary both to international law and modern practice.

32. In the Ad Hoc Working Group, some members had expressed doubts as to whether the right of free access to the sea had been recognized by international law. But the preamble of the Convention on the High Seas,<sup>5/</sup> concluded at Geneva in 1958, recognized that right as one of the established principles of international law. Although the United States Government had ratified that Convention, the United States representative in the Ad Hoc Working Group had opposed the inclusion of the phrase "recognized by international law".

33. Actually, the right of transit of land-locked countries had been recognized by legal authorities from Hugo Grotius onwards. In modern times, it had been defended by Charles de Visscher, the former Belgian judge of the International Court of Justice, Charles Hyde, the contemporary United States jurist, and Sir Reginald Manningham-Buller, the head of the United Kingdom delegation to the Conference on the Law of the Sea and at present Attorney-General in the United Kingdom. Yet, in spite of all those legal justifications, the expression "recognized by international law" had been left in parentheses in the draft declaration prepared by the Ad Hoc Working Group.

<sup>3/</sup> Official Records of the Economic and Social Council, Thirty-first Session, Annexes, agenda item 6, document E/L.899.

<sup>4/</sup> Ibid., Thirty-third Session, Annexes, agenda item 3, document E/L.942.

<sup>5/</sup> United Nations Conference on the Law of the Sea, Official Records, Vol. II, Plenary Meetings, Annexes (United Nations publication, Sales No.: 58.V.4, vol. II), pp. 135-139.



34. Since, in the Ad Hoc Working Group, there had been no member representing a land-locked country and since, except for Austria and Czechoslovakia, the Council was not composed solely of countries of transit—although France and the United Kingdom had close ties with land-locked countries of Africa—he would request the Council to reconsider its decision and accept the original amendment submitted by Afghanistan.<sup>3/</sup> He would also request that paragraphs 54-57 of the report of the Ad Hoc Working Group (E/3724), dealing with land-locked countries, should be included among those paragraphs of the report that were to be considered by the Preparatory Committee of the United Nations Conference on Trade and Development.

35. Mr. FINGER (United States of America) pointed out that some of the remarks made by the observer from Afghanistan seemed to be based on a misunderstanding. Mr. Tabibi had suggested that, when the

Afghan amendment had been discussed in the Ad Hoc Working Group, two alternative texts had been submitted, one by India and one by the United States. In fact, there had been only one alternative text, that submitted by India, which the United States had supported. The United States Government viewed with sympathy the problems of the land-locked countries but felt that their interests had been adequately safeguarded by the Indian text. In the Ad Hoc Working Group, the United States delegation had been perfectly willing to accept the inclusion of the reference to international law in connexion with the rights of land-locked countries, provided a similar reference was made in connexion with the right of countries to dispose of their natural resources. That was in the interest of consistency. The most favourable treatment clause was a matter for negotiation between States rather than a principle of international law.

The meeting rose at 1.15 p.m.