



Chairman: Mr. Bruce RANKIN (Canada).

**AGENDA ITEM 43**

**United Nations Conference on Trade and Development**  
(continued) (A/8703/Add.1 (Part III), A/8819, A/8893,  
A/C.2/L.1248, A/C.2/L.1259, A/C.2/L.1260):

- (a) Report of the Conference on its third session (TD/178 and Add.1, TD(III)/Misc.3 and Corr.1);
- (b) Report of the Trade and Development Board (A/8715)

1. Mr. ZAHARAN (Egypt), speaking in exercise of the right of reply, said that the representative of Israel, speaking in exercise of the right of reply at the end of the 1493rd meeting, had used arguments which had nothing to do with the economic consequences of Israel's occupation of Arab territories. He, however, would limit himself to references to the economic consequences of the closure of the Suez Canal and the harmful effects of Israeli occupation on the sovereignty of Arab States over their natural resources in the occupied territories—both subjects relevant to the item on UNCTAD.

2. His country's general statement on item 43 at the preceding meeting referred to resolutions adopted at the third session of UNCTAD (TD(III)/Misc.3 and Corr.1) and at the twelfth session of the Trade and Development Board (see A/8715, Part One, annex I). In particular, the statement he had referred to UNCTAD resolution 40 (III) on the economic effects of the closure of the Suez Canal; which had adversely affected international trade, transport and the economy of many countries. It had also referred to the Trade and Development Board's resolution 88 (XII) concerning permanent sovereignty over natural resources. Since 1967, Israel had exploited the natural resources of occupied Arab territories, thereby violating the sovereignty of the Arab States concerned. The Israeli Government could eliminate the obstacles to trade and development it had created if it would abide by the principles of the United Nations Charter and refrain from its acts of aggression. On 8 February 1971, the Special Representative of the Secretary-General had addressed a memorandum to Egypt and Israel calling upon them to implement the provisions of Security Council resolution 242 (1967). Israel had refused to withdraw its troops from territories occupied since June 1967, which constituted a flagrant violation of that resolution and frustrated the Jarring mission appointed to implement the resolution. Israel's expansionist policy was responsible for the current situation

and for the closure of the Suez Canal which was detrimental to trade, the world economy and development.

3. Mr. METWALLI (Syrian Arab Republic), in exercise of his right of reply, said that the representative of Israel had merely confirmed the various statements made in the Committee. Reference had been made by Arab States to the economic consequences of Israeli military aggression, the occupation of territories belonging to three States Members of the United Nations and the economic exploitation of those territories by Israel. Israel had replied in a purely political and military vein. The Israeli representative had not answered the various economic questions raised in the Committee.

4. He could enlarge upon the Arab statements on the economic consequences of Israeli aggression and could provide evidence to refute the information given by the representative of Israel in exercising his right of reply. He reminded Israel that the Israeli authorities had been well aware before 5 June 1967 that President Nasser did not intend to attack Israel. However, he did not wish to bring up political and military questions without the Chairman's permission.

5. Mr. AL-KHUDHAIRY (Iraq), in exercise of his right of reply, said that the so-called right of reply exercised by the representative of Israel was an exercise in cheap propaganda and falsehood, distorting the facts to suit Israel's purposes. The representative of Israel had attempted to abuse the intelligence and credibility of the members of the Committee. Unlike the representative of Israel, the representative of Egypt had restricted himself to discussion of the item before the Committee, referring to economic and not political matters. He had referred to UNCTAD resolution 40 (III), which not even Israel had opposed, in which the Conference stated that it was convinced that the Israeli withdrawal from occupied territories was a requisite for the reopening of the Suez Canal and its continued operation in normal and peaceful conditions. The Conference of Foreign Ministers of Non-Aligned Countries held at Georgetown in August 1972 had called for immediate withdrawal of Israeli armed forces from all Arab territories to the lines of 5 June 1967. Was the Committee therefore to understand that everyone was wrong and only the representative of Israel right in his interpretation of the meaning of withdrawal from occupied territories?

6. Mr. AL JABER (Jordan), in exercise of his right of reply, said that the Committee was well aware of the development of Israeli aggression. The Israeli right of reply was a further example of the Zionist prop-

aganda which attempted to depict the Arab countries as aggressors. Early in the twentieth century the Zionists had begun to colonize Palestine, displacing Palestinians by an influx of Zionists. Israel now occupied territories belonging to three Arab countries and had taken various economic and political measures to assimilate the occupied areas, as was proved by information in Israeli publications on the future of those areas. Israel was already integrating the West Bank economy. The representative of Israel had said that his country was willing to co-operate, but that the Arab countries were the aggressors. His delegation totally opposed that assertion.

7. Mr. SEPAHBODI (Iran) said that the report of UNCTAD (TD/178 and Add.1) made it quite clear that it was time the developing countries sought new approaches to their problems rather than merely drafting and adopting resolutions, most of which remained unimplemented. As the Secretary-General of the United Nations had pointed out at the inaugural ceremony of the third session of the Conference (see TD/178, annex VIII.B), UNCTAD had no power to enforce its recommendations and decisions if Governments were unwilling to implement them. As the Secretary-General of UNCTAD had stated at the 1843rd meeting of the Economic and Social Council on 16 November, the third session of UNCTAD had evoked mixed reactions and some disappointment among all participants.

8. The Conference had failed to curb the general trend towards protectionism among developed nations and to take action to lessen the pressure for trade restrictions—action which would facilitate access to the markets of industrialized nations. It had not been able to find ways to help the developing nations to import manufactures or to meet their debt-servicing obligations. It should be borne in mind that the inflation experienced by practically all industrialized nations made the achievement of that objective still more difficult. Prices of exports from developed nations were rising fast, while prices of raw materials from developing nations were subject to the vagaries of the world market. Thus the latter countries were importing not only high-cost commodities but also the inflationary prices dictated by the developed nations, thereby imposing a strain on their price structures and foreign exchange earnings. Moreover, it was becoming even more difficult for those nations to meet their debt-servicing obligations, as inflationary prices had pushed up the interest rates on loans for development financing.

9. The results of the work carried out within the framework of UNCTAD were not very encouraging. Between 1967 and 1970, although the rate of growth of the developing nations had been higher than that of the developed countries, the average annual increment in income had been less than \$7 in the former as compared with \$70 to \$80 in developed market economies. During the same period the share of the developing nations in world trade had decreased from 19 per cent in 1967 to 17 per cent in 1971, while the trade between groupings of developed countries had

intensified. There were many similarly disappointing examples. However, despite its shortcomings, the third session of the Conference at Santiago had made some progress in connexion with the generalized system of preferences, the international monetary issue and measures in favour of the least developed among the developing nations and the land-locked developing nations.

10. His delegation was happy to note that the International Cocoa Agreement, 1972,<sup>1</sup> had been negotiated and was open for signature. However, in the vital field of commodity trade, no significant progress had been made and the question of easy access for the developing nations to the markets of the developed nations remained unsolved. His Government hoped that the Special Committee on Preferences would prove effective. The positive results achieved with regard to the monetary situation and the establishment of the Committee of Twenty within IMF to promote the interests of developing countries in the international monetary negotiations were a welcome addition but had yet to bear fruit. The same could be said of the forthcoming multilateral trade negotiations.

11. It was, nevertheless, Iran's firm belief that UNCTAD had provided a much needed forum for the exchange of ideas and the appropriate machinery for drawing world attention to what the Secretary-General of the United Nations had called the search for the correction of the imbalances and injustices in the world.

12. Many of the rules and regulations governing international trade and economic relations had been worked out without the participation of the developing countries and were predominantly geared to suit certain developed nations. For example, the former countries contributed over 60 per cent of all cargoes loaded in international sea-going trade, but the liner conferences, in which the authorities of the developing countries were scarcely consulted, established freight rates. Consequently, the developing nations not only had to pay higher transport bills, but their exports were also subject to discrimination under those rates. Although UNCTAD had unanimously agreed that a universally acceptable code should be prepared and implemented as soon as possible under its auspices, it remained for a code of conduct to be adopted by the Governments of all countries and implemented in such a way as to be binding on them.

13. UNCTAD had been established on the basis of acceptance of the principles of interdependence, partnership and collective destiny. It had been established with a view to creating an equitable international economic structure, on the assumption that member countries would adopt a universal outlook and realize that their long-term interest lay in efforts towards world development designed to bring peace and prosperity to all. However, it was doubtful that a general belief in an integrated world economy really existed; the current international economic system confirmed that doubt. The continued economic imbalance between the industrial nations and others continued to create

<sup>1</sup> TD/COCOA.3/8.



problems. The type of goods bought and sold by developing and developed countries, and their prices, were governed by the latter. Thus the former countries were doomed to import inflation together with high-cost machinery and to export goods at very low prices using borrowed money at high interest rates. The prices of such commodities should be geared to a sliding scale representing price fluctuations in capital goods, so that the prices of export commodities from the developing countries could keep pace with the increase in the prices of their industrial imports. Such an industrial index would guarantee the parity of commodity prices with the prices of other industrial products. In his delegation's view, the permanent machinery of UNCTAD, and in particular the Committee on Commodities, were the most suitable United Nations organs to undertake the difficult task of preparing such industrial indices for world-wide application.

14. Multilateral trade negotiations were scheduled to begin in GATT at the beginning of 1973 and the Committee of Twenty had already started its work. The flow of goods and finance between the developed and developing nations must be expanded, thus the scope of the reform should not be restricted to relations between the developed nations, narrowly defined, but should include questions of direct interest to the developing countries. The GATT negotiations and the activities of the Committee of Twenty must be co-ordinated so that the over-all package was consistent and met the needs of both developing and developed nations. Therefore, in accordance with UNCTAD resolution 84 (III), it was essential that the machinery governing progress in monetary, trade and development matters should co-ordinate the activities of IMF, GATT and UNCTAD. Only then would it be possible to reach a balanced and dynamic global economy.

15. Mr. SEKULIĆ (Yugoslavia) said that it was for the General Assembly to assess the efforts made by various United Nations bodies during the past year to define some of the world's basic development goals, to evaluate the prospects for the future and to support all efforts to implement United Nations trade and development objectives. It had been expected that the first steps towards trade and monetary reform would be taken at the third session of UNCTAD, particularly with a view to easing the urgent problems of the developing countries, but the reluctance of the developed countries to respond positively to certain essential requests in that sphere had given rise to doubts among the developing countries concerning the proposed trade and monetary negotiations. The latter had therefore concentrated upon adopting measures to ensure that their interests would be taken into account during the forthcoming negotiations.

16. Yugoslavia, like other developing countries, was concerned at the fact that the third session of UNCTAD had been unable to achieve satisfactory results on some important trade and financial issues. In the preparations for the forthcoming negotiations there had been evident reluctance to translate declarations of principle on the legitimate interests of the developing countries into practical measures. However, efforts to do so should continue, because the negotiations were of far-

reaching significance for economic and international relations.

17. The developing countries were doing all in their power to foster international economic co-operation, despite somewhat disappointing results so far. They were particularly active in the current phase of preparations for the trade and monetary negotiations and were endeavouring to ensure that the negotiations would have beneficial results for the entire world community.

18. The third session of UNCTAD had confirmed the requests of the developing countries for full participation in trade and monetary negotiations and had recognized that their interests should be taken into account. However, those countries were aware that general agreements were not sufficient and that specific measures were needed to ensure their implementation. They had therefore requested that monetary, trade and finance problems should be solved in a co-ordinated manner, so as to ensure that all positive results achieved so far in UNCTAD, GATT and IMF were taken into account and that those three bodies co-ordinated the results at governmental level in order to achieve maximum development impact. If the forthcoming trade and monetary negotiations were to be successful, the following points must be taken into account: arrangements for the expansion of international commodity trade at stable and remunerative prices; application and improvement of the generalized system of preferences; arrangements for the progressive liberalization of non-tariff barriers obstructing the exports of developing countries; achievement of the target of 1 per cent for capital flows and of 0.7 per cent for official development assistance; and establishment of a link between special drawing rights and supplementary development financing. UNCTAD had wide experience in all those fields and, consequently, its contribution to the negotiations would be most valuable. The trade negotiations should not be limited to the achievement of further expansion and liberalization of international trade; they should also secure an increasing share in the growth of world trade for the developing countries. His delegation was glad to note that GATT had already taken action to that effect. A greater share in world trade for the developing countries could only be achieved if all the principles set forth in section A of UNCTAD resolution 82 (III) were endorsed.

19. The inability to make headway with regard to access to markets and pricing policy had been a major setback at the third session of the Conference. For that reason, paragraph 2 of UNCTAD resolution 83 (III) was particularly important.

20. The General Assembly should lend strong political support to the request contained in paragraph 7 of UNCTAD resolution 84 (III) that problems in the monetary, trade and finance spheres should be resolved in a co-ordinated manner, taking into account their interdependence, with the full participation of developed and developing countries. The General Assembly should, *inter alia*, emphasize the need for UNCTAD to contribute effectively to the solution of monetary, trade and finance problems in a co-ordinated

manner and to participate in any consultations arranged for that purpose.

21. While preparations for the negotiations were in progress, UNCTAD should redouble its efforts to find a practical solution to all the questions considered at Santiago, particularly those relating to trade and finance. Thus, for example, it was essential that all donor countries should initiate their systems of preferences as soon as possible, because prolonged delay could adversely affect efforts to improve the systems already in force.

22. The reluctance at the third session of UNCTAD to find a solution to financial problems meant that not even the minimum objectives of the International Development Strategy for the Second United Nations Development Decade (General Assembly resolution 2626 (XXV)) would be realized, unless urgent measures were taken. His delegation therefore welcomed the request in paragraph 1 of Trade and Development Board resolution 91 (XII), that the Secretary-General of UNCTAD, with the assistance of a group of governmental experts, should examine the concepts of the current aid and flow targets in order to prepare for a discussion thereon in the mid-term review of the implementation of the International Development Strategy. It was to be hoped that such an examination would provide an opportunity to identify those problems and to take adequate steps to solve them.

23. No agreed solution to the debt-servicing problem had been reached at the third session of UNCTAD, and it had therefore been decided to set up a special body for that purpose: an intergovernmental group had been established at the twelfth session of the Board and was to meet during the first half of 1973.

24. UNCTAD resolution 48 (III) on trade expansion, economic co-operation and regional integration among developing countries would provide a further stimulus to intensified co-operation among those countries. Special attention should be paid to the introduction of social and economic reforms, since they were a prerequisite for rapid development and the reduction of unemployment, poverty, the inequality of income distribution, etc. The developing countries had also undertaken to promote mutual economic co-operation at the Conference of Ministers of Foreign Affairs of Non-Aligned Countries, held at Georgetown, where they had adopted a comprehensive programme of action for economic co-operation. The General Assembly should also lend strong support to UNCTAD resolutions 62 (III) and 63 (III) concerning special measures in favour of the least developed among the developing countries and of the land-locked developing countries. Those measures should be implemented in all United Nations bodies, particularly UNDP, which should have additional resources at its disposal for the purpose. He emphasized the importance of trade policy within the context of those special measures and the need to give special consideration to the interests of the least developed countries at the forthcoming negotiations. His delegation fully supported draft resolution A/C.2/L.1260.

25. His delegation had welcomed the unanimous agreement at the Conference that a universally acceptable code of conduct for liner conferences should be prepared and implemented as a matter of urgency under UNCTAD auspices. His country was among the sponsors of draft resolution A/C.2/L.1248 on the code of conduct.

26. His delegation believed that all countries wishing to contribute to the preparation of the charter of economic rights and duties of States should be able to do so, since that would enhance the effectiveness of the working group.

27. It was evident from the discussion of its report that UNCTAD had become a significant factor in international economic relations. Despite the difficulties and inadequate results, UNCTAD was a unique forum which offered inspiration, stimulation and solutions, although it sometimes lacked the power to implement them. UNCTAD had taken several initiatives opening up new perspectives in international co-operation for development and had indicated ways of achieving greater equality in economic co-operation among States. The responsibility for implementing its principles lay with Governments. He was certain that the full meaning of UNCTAD's endeavours would eventually be realized and that the appropriate political will would be generated and translated into the necessary political decisions. At its current session the General Assembly was called upon to encourage the trend to develop further and to lend political support to UNCTAD's activities, encouragement which was greatly needed if that organization was to play its role in the rapidly changing world.

28. Mr. TEMBOURY (Spain) thanked the Chilean Government and people for acting as host to the third session of UNCTAD and the Secretary-General of the Conference for his excellent introductory statement on the item before the Committee (1492nd meeting).

29. As many previous speakers had said, it would be premature to pass an over-all judgement on the third session of UNCTAD; however, his delegation did not share either the pessimism or the optimism of some delegations. The Conference had opened the door to participation by all nations in decisions governing the world economy in the field of monetary reform and multilateral trade negotiations; the success or failure of the Conference would depend on the results of that participation. The new economic relations, which all nations would help to establish, would result in more stable and remunerative prices for raw materials; the more selective and effective implementation of the generalized system of preferences; a gradual lowering of non-tariff barriers; fulfilment of the financing objectives of the International Development Strategy and a link between special drawing rights and supplementary development financing. With those interdependent objectives in mind, trade negotiations were under way within GATT. UNCTAD resolution 82 (III) ensured full participation by the developing countries in the preparatory work and negotiations themselves. The best way in which the bodies working in the field of trade could co-operate in the interests of all was



through collaboration between UNCTAD, GATT and IMF. UNCTAD resolution 84 (III) also called for full participation in the negotiations on the reform of the world monetary system. The establishment of the Committee of Twenty and its first activities gave cause for optimism. It was only fair that countries should take part in formulating decisions which would affect them.

30. Among the most important resolutions adopted at the third session of UNCTAD was resolution 62 (III) on special measures in favour of the least developed among the developing countries. As the Minister of Trade of Spain had said at Santiago, different measures regarding trade, technical assistance and financing were required in countries whose situations differed widely. That belief had been strengthened by the identification of the 25 least developed countries<sup>2</sup> and by the determination of special measures in their favour by the Conference. As Spain had stated at Santiago, it was prepared to implement special trade, financial and technical assistance measures in favour of the least developed countries, since co-operation at all levels of development would provide a wider basis for international solidarity.

31. Spain was willing to consider a system of concessions for the least developed countries. In his delegation's view all countries at an intermediate level of development could implement the generalized system of preferences more effectively.

32. The idea of increased participation had also been strengthened by the enlargement of the Trade and Development Board (General Assembly resolution 2904 (XXVII)) and the establishment of new committees and groups which enabled a larger number of countries to participate in the work of UNCTAD and give attention to new priority areas.

33. His delegation also attached particular importance to UNCTAD resolution 39 (III) on the transfer of technology. Spain had supported the Intergovernmental Group on Transfer of Technology since its establishment (General Assembly resolution 2726 (XXV)) and had co-operated with the UNCTAD secretariat in informing the Group of its experiences. The mandate of UNCTAD in that field should be further expanded.

34. His country realized the need for a code of conduct for liner conferences and believed that those conferences should be open to all shipping companies of the countries whose traffic they covered. However, it was to be hoped that the code would not establish preferential and discriminatory regulations.

35. The third session of UNCTAD had reaffirmed the essential role of UNCTAD in reviewing and appraising the implementation of policy measures and the fulfilment of the objectives of the Strategy. UNCTAD had made a considerable contribution to

the drafting of the Strategy and he hoped that it would also contribute to the process of appraisal. Spain, which had recently become a member of the Economic and Social Council and of the Committee on Review and Appraisal of the Strategy, would make every effort in both bodies to ensure, through the Strategy, that progress was made in achieving fair economic and social conditions in the world and a more appropriate assessment of the objectives of all nations. Much still remained to be done and the means were lacking; efforts must be intensified if the goal was to be reached.

*Mr. Pataki (Hungary), Vice-Chairman, took the Chair.*

36. Mr. FARHANG (Afghanistan) said that the records of the deliberations and decisions of United Nations organs, including UNCTAD, indicated that, while the developing countries had made a major effort to initiate a scientific process and bring it to a logical conclusion in the case of the least developed countries and developing land-locked countries, the readiness of the developed countries had played a major role in securing an agreement which contained firm commitments. As a result of long and arduous studies and research, the relevant parts of the Strategy and, subsequently, UNCTAD resolutions 62 (III) and 63 (III) had been adopted. His delegation believed that the UNCTAD resolutions were comprehensive, action-oriented programmes, and that developed countries, developing countries, transit countries and international organizations called upon to implement them should indicate precisely how and when they would do so. Such indications were particularly necessary since paragraphs 57 and 58 of the International Development Strategy (General Assembly resolution 2626 (XXV)) stated that the implementation of the special measures should start early in the Decade. Therefore, a general indication of the form and extent of actions which countries and international organizations intended to initiate should be provided in time for the biennial review and appraisal of the Strategy. An examination of the subsequent performance of the countries and organizations concerned could be made during the mid-term review and appraisal in order to introduce any necessary changes or policy measures. His delegation stressed that the programmes by countries and organizations should genuinely seek to implement the proposed measures and that it would be quite unacceptable to rename programmes normally carried out in the context of the regular assistance programmes and thus create the erroneous impression that special new measures had been adopted.

37. He regretted that the establishment of an inter-governmental group to review and co-ordinate the implementation of the special measures had been deferred until the thirteenth session of the Trade and Development Board; the necessary basis for review and co-ordination should be provided by new and more comprehensive progress reports by the Secretary-General, in accordance with paragraph 39 of UNCTAD resolution 62 (III). Similarly, his delegation expected the Secretary-General of UNCTAD to establish an independent and competent unit in the secretariat to deal with the review of the implementation of the spe-

<sup>2</sup> See *Official Records of the Economic and Social Council, Fifty-first Session, Supplement No. 7, para. 66.*

cial measures, and it believed that the relevant parts of the Strategy and UNCTAD resolutions 62 (III) and 63 (III), as well as other related decisions and resolutions of the third session of UNCTAD and other organs and bodies of the United Nations system, could form the basis for the unit's programme of work.

38. The special measures in favour of the least developed countries should include positive action to be taken in the field of technical and financial assistance. It should be stressed that trade policy and practical measures were perhaps of paramount importance, because it was in that sector that the least developed countries could best be helped to mobilize their internal resources for development. However, no measures would be successful if the programmes did not make a special effort to help those countries to create the necessary economic planning machinery, including qualified personnel.

39. The special measures in favour of the developing land-locked countries should seek to adapt the related aspects of their economic structure to their particular geographical position. Action initiated in the fields of transport and communications should include the preparation of a transport strategy on the basis of section II of the Secretary-General of UNCTAD's Action Programme<sup>3</sup>, as set forth in paragraph 4 of UNCTAD resolution 63 (III), as well as adequate technical and financial assistance for the relevant feasibility study and the installation, improvement, construction and maintenance of transport and communications infrastructures.

40. Action on transit and port facilities should include a study by the Secretary-General of existing port and transit procedures, as well as of port and transit facilities available to land-locked countries, and the preparations by the Secretary-General of a draft international convention or proposals on simplified and standardized transit, customs and trade documents. His delegation considered that the draft international convention on the simplification and harmonization of customs procedures, prepared by the Customs Co-operation Council, did not meet the specific requirements of land-locked developing countries and that the Secretary-General should, therefore, proceed with the preparation of the draft convention for submission to the fourteenth session of the Trade and Development Board.

41. Paragraphs 15 to 18 of UNCTAD resolution 63 (III) specified the action to be taken by transit countries. Certain actions, in the field of transport, transit and port facilities, required the co-operation of developing land-locked countries which should therefore be ready to co-operate in studies on port and transit facilities and procedures, in the preparation of a draft convention on trade transit and customs documents and in the formulation of a transport strategy.

42. In conclusion, unless special measures in favour of the least developed and developing land-locked countries were implemented early in the Decade, those

countries would not only be unable to benefit fully and equitably from the general measures embodied in the Strategy, but would soon appear as remnants of a bygone age, rejects of the modernization process.

43. Mr. DE ALMEIDA FERNANDES (Portugal) said that the third session of UNCTAD had been held at a time when it was a matter of urgency to solve problems relating to international economic relations. In effect, the widening gap between the few highly developed rich countries and the host of less developed and densely populated poor countries was becoming increasingly serious. However, the international community was aware of the need to establish criteria urgently for regulating economic relations between States in a systematic manner.

44. The third session of UNCTAD had provided an opportunity for consultations on many problems relating to international trade and economic co-operation, and particularly aspects of concern to developing countries. It should be recognized that the international community had already made considerable progress in that field and a number of more or less long-term measures had been taken at Santiago. Thus, special measures to help the least developed countries to make economic and social progress and to increase their capacity to benefit fully and fairly from the general policy of the Strategy were of the highest importance, and his delegation considered technical and financial assistance in favour of those countries to be a matter of high priority. Moreover, it was to be hoped that the forthcoming trade negotiations within GATT in 1973 would help to establish a world economic order favourable to progress and prosperity, and to expand world trade and raise living levels.

45. The climate of uncertainty prevailing in the world economy and the slow growth rate in most highly developed countries, partly caused by efforts to control inflation, had been accompanied by continuing high wage costs. The result had been a reduction in profits and the under-employment of available industrial capacity. In the circumstances, industrialists felt perhaps less able to contribute to the economic structural changes currently required in several countries. That climate of uncertainty was affecting investment plans in many market economy countries; if it persisted, its cumulative effects on investment demand would only increase with time and similar uncertainties would also adversely affect consumer spending. For that reason, the repercussion which those factors could have on trade, production and employment should be kept in mind. It was important that the most highly developed countries, which were considering expansionist measures to offset the effects of changes in parity or other adjustments, should be more or less assured that other countries would take similar measures. In a situation characterized by a relatively general low level of demand, there was always the fear that countries concerned by their balance-of-payments position would not give sufficient importance to broad-based expansionist action and it should be borne in mind that economic expansion was necessary if the developing countries were to progress.

<sup>3</sup> TD/136 (to be issued as a United Nations publication).



46. World economic development, calculated in terms of the gross national product, had fallen off slightly between the second and third sessions of UNCTAD. However, the figure of 5 per cent was a marked improvement over the average figure of 2 per cent recorded in the first years of the decade which began in 1960.

47. In recent years, his Government had endeavoured to give greater attention to the general economic situation and the needs of economic development when formulating its economic policy. The maintenance of an expansive monetary policy had been accompanied by efforts to apply selectivity designed to stimulate saving and an increase in productive private investment; and in the budget stress had been laid on the development of investments in the public sector. At the same time, various structural measures had been introduced to reduce the obstacles to a satisfactory development of the economy. The gross national product of European Portugal had attained a growth rate of 6.5 per cent during the first three years of implementation of the third plan between 1968 and 1970, and a figure of 7.5 per cent had been set for the period 1971-1973. For "overseas Portugal" as a whole, the growth rate of the gross national product had been higher and had reached 7.5 per cent between 1970 and 1971. According to estimates published in 1972 by the World Bank, the *per capita* gross national product had been \$390 for São Tomé and Príncipe, \$300 for Angola, \$250 for Portuguese Guinea and \$240 for Mozambique. Furthermore, it should be stressed that the gross reserves of the escudo area had increased from \$637 million in 1960 to \$1,945 million in 1971. For the entire area the coefficient of reserves in relation to imports had never fallen since 1960 to less than 10 months of imports and was one of the world's highest.

48. Portugal had always associated itself with the efforts to take account of specific problems deriving from the levels of development and special situations of certain less developed countries or groups of countries. The notion of equity, like that of non-reciprocity, was indispensable if the economic gap was not to widen still further. Governments should give thought to undertaking a careful study concerning the implementation of new forms of co-operation and assistance.

49. Mr. DIALLO (Upper Volta) said that his delegation rejected the notion of "overseas Portugal" and referred the Portuguese representative to the Fourth Committee which was more competent to discuss the matter and to the recent relevant decisions of the Security Council and of the General Assembly. As long as Portugal continued to devote 50 per cent of its budget to its colonial wars, it would continue to be underdeveloped. The figure of over 5 per cent mentioned by the representative of Portugal might have been 15 if Portugal had remained in the mainstream of contemporary life and had ended its colonial wars.

50. His delegation wished to express its appreciation to the Secretary-General and to the secretariat of UNCTAD for the meticulous preparation of the third

session of the Conference. The excellent and comprehensive documentation had been most useful in defining problems and interests as well as the areas where agreement might have been possible with goodwill on both sides. Regrettably, the desires of the developing countries had been frustrated in matters of such vital importance as access to markets and pricing policies, the establishment of a link between special drawing rights and supplementary financing for development, objectives in development assistance, implementation and improvement of preference schemes, debt-servicing and the identification and elimination of non-tariff barriers. Thus, on the whole, the results of the Conference had been disappointing. However, it had clearly identified the particularly important role which should be played by the permanent machinery of UNCTAD in consolidating progress achieved and preparing the ground for further advances in the context of the International Development Strategy.

51. The multilateral trade negotiations should not have as their sole purpose the expansion and liberalization of international trade. Above all, they should aim at a higher degree of qualitative and quantitative participation by developing countries in such trade. That objective could not be attained unless all steps were taken to ensure that the negotiations focused on primary commodities—particularly those from tropical zones—whether processed or semi-processed manufactures, and tariff or non-tariff barriers. His delegation believed that the intergovernmental consultations on primary commodities under the auspices of UNCTAD and the multilateral trade negotiations should be co-ordinated taking into account the close link between them. Also, with regard to participation by the developing countries, his delegation expected that the UNCTAD secretariat, in co-operation with the regional economic commissions and UNDP, would provide technical assistance in order to enable the developing countries to participate at all stages of the preparations for the negotiations.

52. He appealed to the countries which had not yet done so to make the necessary arrangements to put their preference schemes into effect in accordance with Trade and Development Board resolution 75 (S-IV)<sup>4</sup> and UNCTAD resolution 77 (III).

53. Turning to the international monetary situation, he noted with satisfaction the establishment of the Committee of Twenty which would promote greater participation by the countries of the third world in decision-making processes. His delegation would follow its deliberations with interest and hoped that, by September 1973, a satisfactory framework would be established. In accordance with UNCTAD resolution 84 (III), his delegation believed that co-ordination of monetary, trade and financial areas should be ensured by a governmental organ established within UNCTAD. It regretted that, at the first part of its twelfth session, the Board had been unable to reach a conclusion on that question but, nevertheless, hoped that it would be possible to arrive at an acceptable formula during

<sup>4</sup> See *Official Records of the General Assembly, Twenty-fifth Session, Supplement No. 15, Part Three, annex I.*

the second part of the twelfth session. Meanwhile, the Secretary-General should continue his consultations with the Executive Director of IMF and with the Director-General of GATT and submit to the Board the data needed to enable it to take the appropriate decisions.

54. It had often been said that the most positive results of the Conference were the adoption of resolutions calling for special measures in favour of the least developed countries and of land-locked countries. His delegation welcomed those decisions and hoped that the international community would soon be able to translate them into positive action. Upper Volta was one of the sponsors of draft resolution A/C.2/L.1260 and would like to know what action had been taken by the specialized agencies, particularly FAO and IBRD, in that important field. It was also a sponsor of draft resolution A/C.2/L.1248, relating to a code of conduct for liner conferences, which should bring an end to the anarchy currently prevailing in the practices of such conferences.

55. At its twelfth session the Trade and Development Board had adopted a resolution 88 (XII) relating to permanent sovereignty over natural resources. His delegation believed that urgent action should be taken to regulate the activities of companies which represented a permanent threat to the sovereignty of the countries of the third world. It welcomed the initiative taken by the delegation of Chile at the fifty-third session of the Economic and Social Council<sup>5</sup> and at the twelfth session of the Trade and Development Board (see A/8715, paras. 165 to 171) and hoped that the General Assembly would endorse the relevant decision.

56. With regard to commodities, he welcomed the International Cocoa Agreement, 1972, and hoped that the Governments of the United States and of the Federal Republic of Germany would be able to accede to it so that it could enter into force in 1973. In the case of the International Coffee Agreement, 1968, his delegation supported the request of the producing countries that the price should be increased in view of the drop in the value of the dollar. It hoped that the intensive consultations, referred to in UNCTAD resolution 83 (III), would lead to improved access to markets and commodity prices favourable to developing countries. It regretted that the Board had not reached agreement on objective procedures and a timetable for consultations and hoped that the Secretary-General of UNCTAD would continue and intensify consultations with a view to facilitating the preparatory work for the seventh (special) session of the Committee on Commodities.

*Mr. Rankin (Canada) resumed the Chair.*

57. Mr. LAURENT (Food and Agriculture Organization of the United Nations) said that FAO had taken a number of steps in compliance with UNCTAD resolution 62 (III) concerning special measures in favour of the least developed among developing countries.

58. First, it had established an interdivisional task force which, in close co-operation with the UNDP

offices in the least developed countries, was designed to help in establishing priorities for development assistance and in implementing relevant projects. Secondly, it had initiated a series of country perspective studies covering periods up to 1980 and 1985. They were based on brief papers on development policy issues, some of which had already been proposed for six of the countries earmarked for special treatment during a first phase of assistance. Thirdly, it had introduced into the country programming documents which had already been finalized, as well as those under preparation, measures for greater diversification in the agricultural economy of the least developed countries. Fourthly, it was preparing a study relating to agricultural policies at different levels of development so as to facilitate its participation in the eventual reclassification of the least developed countries. Finally, it was preparing a tentative strategy of agricultural development in the least developed countries stressing, *inter alia*, training, development of infrastructure, increases in agricultural productivity, an integrated approach to rural development, assistance in planning and regional co-operation.

59. Mr. BOYESEN (Norway) said that the third session of UNCTAD had been reasonably satisfactory and had taken place at a fortunate point in time. The international monetary situation had been a major topic, of equal importance to developed and developing countries alike, and the Conference had succeeded in influencing future procedures and policy in that area. The Conference had also opened interesting perspectives with regard to the idea of establishing a link between international liquidity and development assistance, an idea which the developing countries had pressed with greater intensity, and the developed countries had received with greater sympathy, than in the past. The idea had also been well received at the annual joint meeting of IMF and IBRD in Washington in September 1972 and would be a major item on the agenda of the IMF's Committee of Twenty. In the relationship of special drawing rights to development, the link should be viewed not only from the narrow aspect of certain transfers to certain international institutions, however important that aspect might be, but also from the point of view that the reserve-asset function of special drawing rights could well prove essential to economic planning in developing countries by providing a margin of safety where balance of payments difficulties existed.

60. The Conference had been timely with respect to trade matters as well. The call by UNCTAD for an active place for all developing countries in the forthcoming trade negotiations had been met by the twenty-eighth session of GATT. The developing countries wished more specific principles to be agreed upon before committing themselves to take part in the negotiations; however, to the developed countries, that would anticipate the very subject of the negotiations. His delegation hoped that the preparatory committee of GATT would be able to define the techniques and modalities of the negotiations in such a way that most if not all developing countries would see their interests served by participation in the negotiations.

61. Little progress had been made at the Conference with respect to commodities, although it had been

<sup>5</sup> Draft resolution E/L.1497/Rev.1



decided to convene a special session (seventh) of the Committee on Commodities to organize intergovernmental consultations. The recent cocoa agreements were a source of encouragement. However, progress was required on a wider range of commodities. More direct political guidance of methods was desirable. The developing countries would be unable to gain reasonable advantages with respect to trade unless broad progress was made with respect to commodities.

62. There could be no doubt that trade, monetary and development problems were interrelated, that Governments should devise a coherent policy in the three areas and that the international organizations concerned should co-operate fully. He welcomed the efforts of the Secretary-General of UNCTAD in that respect. However, his delegation was sceptical regarding suggestions that some sort of "superbody" should deal with all the related problems; co-ordination problems should be solved as they arose. The matter could be usefully discussed by the Trade and Development Board in May 1973.

63. As the representative of a country in whose economy maritime activities played an important role, he welcomed the co-operation on maritime activities at the Conference. In particular, he welcomed resolution 71 (III) on economic co-operation in merchant shipping and hoped that it would lead to useful intergovernmental collaboration.

64. There had not been time at Santiago for adequate consideration of the draft code of conduct for liner conferences submitted by the developing countries. Many points in the code were controversial and no agreement had been reached on the procedures to be followed and the form to be given to the code. The question of form was more than a formality. His delegation fully endorsed the remarks of the United Kingdom representative at the 1493rd meeting on the question of a convention. It was unlikely that his Government would be able in the foreseeable future to adopt a policy or enforce in a treaty some of the points included in the draft code submitted by the Group of 77 in resolution 66 (III). However, it was true that liner conference practices had in the past often been too confidential, and there might well be circumstances in which rate-fixing might appear unreasonable or unfair to a given user. Considerable organized consultation among all parties concerned was obviously desirable. Some measure of public surveillance might also be desirable, although views differed on that point. It was imperative to tackle the task of drafting a universally acceptable code of conduct which could be improved in the light of experience and the needs of the various trades. The practical difficulties involving certain questions must not be underestimated. Only after such a code was drafted would it be possible to decide in what form it should be adopted and how it might be effectively implemented. His delegation was prepared to take part in the preparatory work without delay and hoped that the General Assembly would be able to adopt a resolution on the subject.

65. The detailed resolution adopted at the Conference on measures in favour of the least developed among the developing countries was very important *per se*.

Moreover, the great emphasis placed on the subject reflected a greater nuance in UNCTAD's consideration of development problems which were often very different in nature and scope. Those observations also applied to land-locked and island countries.

66. The third session of UNCTAD could not have altered certain basic realities of economic and social development. The deterioration of the human environment, whether caused by poverty or pollution, gave neither developed nor developing countries cause for satisfaction. The level of financial transfers from the developed to the developing countries was far too low. The Norwegian Parliament was considering proposals to increase such aid to 1 per cent of gross national product in 1978 in the form of untied grants, half of which would be channelled through multilateral agencies. There were also other deeply ingrained financial and institutional impediments to development: for example, the inertia of the part of some developed countries, including his own, regarding the removal of certain trade barriers, and the difficulties faced by developing countries with respect to income distribution, agrarian reform and control of population growth. However, the Conference had opened some new avenues of co-operation, formulated some general guidelines and paved the way for a more equitable representation in the international decision-making process. Future sessions of UNCTAD could be better organized. Representatives would do well to reflect, *inter alia*, on the remarks by the representative of Pakistan concerning the rigidities of the group system.

67. Only the future would show whether the third session of UNCTAD had been a success. All delegations had been unanimous in expressing their appreciation for the efforts of the Chilean Government and people in hosting the Conference and the Norwegian delegation shared that appreciation.

68. Mr. CUBILLOS (Chile) said that his delegation fully endorsed the assessment by the Secretary-General of UNCTAD concerning the tasks which lay ahead and expressed his delegation's appreciation for the tribute which the representative of Norway had just paid his country. He recalled that, in his inaugural address at the third session of the Conference, on 13 April 1972, the President of Chile had expressed regret that the Conference was not universally representative and had called for a new economic system based on equality and a new concept of human dignity and for reforms to alleviate the intolerable situation facing the developing countries.

69. As a result of various factors, including monetary fluctuations, the new economic policy proclaimed by the United States Government, and the trade negotiations between the United States and the enlarged European Economic Community on the one hand and between the United States and Japan on the other, the Conference had been held in a climate of uncertainty and upheaval. The industrialized countries had not taken a constructive approach to any of the proposals of the developing countries. Given the prevailing climate, the results of the Conference must be judged on the basis of how the international community would deal in the future with the problems raised at Santiago,

where the door had been left open for continued negotiations to give effect to the proposals of the developing countries. A multilateral approach was essential.

70. Speedy action was necessary within UNCTAD and other bodies to implement the principles agreed upon at the Conference. In particular, he welcomed the resolutions on measures on behalf of the least developed of the developing countries, restrictive business practices, transfer of technology, the draft code of conduct for liner conferences and trade among countries having different economic and social systems. In that connexion, he endorsed the remarks of the Norwegian representative regarding the existing confidentiality of liner conferences. A binding code of conduct should be drafted as soon as possible to eliminate the confusion in the liner conference system—confusion which had also hampered the work of the Secretariat. The partial solution proposed by the developed countries was unacceptable to most developing countries, since it would postpone the drafting of a code for some eight years.

71. A long-term programme in the field of transfer of technology should be implemented speedily, in order to ensure that the study of patents called for in resolution 39 (III) would prove beneficial to the developing countries.

72. It was also necessary to begin negotiations on questions on which the Conference had yielded meagre results, essentially those on which the developing countries had made concrete proposals, which had met only partial acceptance by the developed countries. Constructive action was particularly urgent with respect to commodities, since the developing countries still depended heavily on commodity exports. Improved prices, better access to world markets and improved marketing procedures were essential if developing countries were to be able to benefit from their own natural resources. Continued negotiations were also required to establish a definitive link between special drawing rights and development financing and to ensure that the developing countries played a role in the forthcoming trade negotiations.

73. It was also necessary to initiate consultations and negotiations on questions on which no agreement had been reached at Santiago. If IBRD was unable to work out a scheme of supplementary financing to assist the developing countries, it would be necessary to find alternative methods of stabilizing their commodity export situation. One possibility was to allow the automatic refinancing of debts.

74. GATT—which thus far had focused exclusively on trade—should place increased emphasis on the development problems of the developing countries. Consideration must also be given to the nature of the developing countries' participation in the forthcoming GATT negotiations. The situation of all developing countries should be studied, whether or not they were members of GATT.

75. Consultations must also be undertaken on a number of new questions. Recalling the statement by the representative of Mexico at the 1492nd meeting concerning a charter of economic rights and duties of States, he said that those rights should be considered in conjunction with questions of collective economic security, with which they were intimately linked.

76. The forthcoming negotiations on international monetary reform and trade, which would be more significant than the negotiations which led to the Bretton Woods arrangements, must take into account the interests of the developing countries and ultimately should arrive at a new international division of labour. The developing countries must have a say in determining which questions of interest to them would be discussed.

77. Ways must also be found to compensate countries' trade losses resulting from the failure to implement the generalized system of preferences and those brought about by intensified non-tariff barriers. Such matters would be considered at the forthcoming Conference on European Security, and a military dismantlement could well lead to a new economic system which might be fraught with consequences for the developing countries. Technological questions discussed in the European Economic Community should also be dealt with by UNCTAD, which should receive guidelines from the General Assembly.

78. He deplored the efforts of the developed countries in the Trade and Development Board, as well as in the Advisory Committee on Administrative and Budgetary Questions and the Fifth Committee, to curtail programmes which had already been agreed upon and initiated. They had, for example, expressed reservations regarding measures in the fields of shipping and invisibles, in-depth studies on the least developed countries and the measures to promote the transfer of technology called for in resolution 39 (III) of UNCTAD. Similarly, the sum allocated to the Centre for Economic and Social Information for public information purposes—\$167,000—was ridiculously low, considering that the Office of Public Information had a budget of \$10 million.

79. Although the developing countries recognized that they must bear the responsibility for their own development, a new approach and a new political will were required to find solutions to their problems. The international community must work within UNCTAD and within the framework of collective economic security to prevent the gap between the developed and the developing countries from growing even wider.

80. Mr. IPOTO (Zaire) said that precisely because the third session of the Conference had not achieved the hoped for results, owing to the international monetary crisis, the permanent machinery of UNCTAD should make a special effort to attain the targets of the Second United Nations Development Decade. At the existing stage of international economic relations, two points were of particular importance: the multilateral negotiations and the programme established by UNCTAD to reach the targets of the Second Decade.



81. Before the multilateral trade negotiations to be held on a broader basis in May 1973, the Governments and agencies concerned must work out a plan to ensure an adequate majority for certain basic agreements.

82. Both consuming and producing countries were committed to a process of bilateral and multilateral agreements. Experience in UNCTAD and UNIDO and forecasts for the future called for a clear appraisal of the problems. Unfortunately, it was too late to change the system and it was therefore essential to study minutely the various aspects of the interdependence of the agencies concerned in the trade negotiations, in consultation with the Governments, in order to reach some agreement. Since the developing countries would necessarily be affected by the inflation in the developing countries, its effects on their economy must be taken into consideration. The developing countries would have to ask other countries, whatever their economic system, to ensure that there should be a real trade flow with the developing countries and that their products should obtain remunerative prices from the so-called developed countries.

83. If those multilateral negotiations were to bear results, their aim must be not only to liberalize world trade but also to increase the developing countries' export income. The negotiations must therefore be concerned with tariff and non-tariff barriers and the principles of non-reciprocity, non-discrimination and preferential treatment, which should be an integral part of the General Agreement. Members and non-members of GATT should be able to participate.

84. In order that the negotiations might take account of the interdependence of the international monetary system and international trade and therefore possible reforms of the international monetary system, the Secretary-General of UNCTAD must prepare the necessary documentation concerning the possibility of establishing machinery for permanent consultations between GATT, IMF and UNCTAD in order to co-ordinate solutions. His delegation welcomed the Secretary-General of UNCTAD's constant efforts in that respect.

85. With regard to the problems inherent in the structure of the United Nations system, his country approved in principle UNCTAD's programme of work in connexion with the attainment of the targets of the Second United Nations Development Decade. However, in view of the limited resources of the United Nations and the many needs of the developing countries, priorities must be defined and programmes co-ordinated. A distinction should be made between conjunctural and structural priorities. His delegation supported the priority given by UNCTAD to economic integration of developing countries and would like the UNCTAD secretariat to state clearly the criteria it used in establishing priorities.

86. Another problem in attaining the targets of the Second Decade was the co-ordination of the activities of the bodies concerned, which must be a continuous process. His delegation appreciated the constant

efforts of the Secretary-General of UNCTAD to improve co-ordination between GATT and IMF, but hoped that there would be permanent co-ordination committees in all the organs, including the regional economic commissions, in order to ensure contact with other bodies. Such a system would avoid duplication and enable UNCTAD successfully to perform its very important role in the International Development Strategy.

87. His delegation agreed with the views expressed by the representative of France (1493rd meeting) concerning the dissemination of information and mobilization of public opinion on problems of trade and development. Zaire had already established the necessary machinery to alert public opinion to those problems, thus carrying out the recommendations of the third session of the Conference to encourage development efforts during the Decade.

88. As a sponsor of the draft resolution on the code of conduct for liner conferences (A/C.2/L.1248) he would discuss that matter later.

89. Mr. RYDBECK (Sweden) said that, although opinions on the success of the third session of UNCTAD varied with the points of view of the different countries, all were agreed on the success of the physical arrangements made by the Chilean Government.

90. From the point of view of the needs and wishes of the developing countries expressed in the Declaration and Principles of the Action Programme of Lima<sup>6</sup>, the evaluation of the Conference must be negative. However, the monetary crisis and the economic situation in the developed countries had made over-optimism unjustified. Even though some countries, like his own, had stated that internal problems should not affect development assistance, feelings of solidarity with the developing countries were apparently not strong enough in the large donor countries to leave the volume of aid unaffected by those difficulties. It was, however, to be hoped that the Conference had laid the foundations for work which could lead to positive results with respect to several of the questions most urgent to the developing countries.

91. The demands of the developing countries for greater influence in the monetary field and for greater access of their products to the markets of the developed countries had been central questions at the Conference. In the monetary field, the principle of effective participation of the developing countries in the decision-making process had been acknowledged. The Committee of Twenty established by IMF in accordance with the recommendation of the Conference contained nine members from the developing countries, and the Secretary-General of UNCTAD as well as the Director-General of GATT had been invited to participate in its work.

92. The agreement reached at the Conference that at the multilateral trade negotiations, special attention

<sup>6</sup> See A/C.2/270 and Corr.1.

should be given to the interests of the developing countries and that those countries should be allowed to participate fully in all stages of the negotiations had been reaffirmed by the twelfth session of the Trade and Development Board and the twenty-eighth session of GATT. Even though it had so far not been possible to agree on how the developing countries were to participate, he believed that the determination of the developed countries to give special consideration to their interests was sincere. In the further work in GATT, his delegation considered that special techniques should be adopted to ensure positive action in favour of products of special interest to developing countries, taking into account their limited negotiating power and the need for continued effective secretariat assistance. That called for close co-operation between the GATT and UNCTAD secretariats. Technical assistance in the case of certain non-tariff barriers and increased trade-promotion assistance might be considered, and developed countries could clearly not expect reciprocity for concessions made in those fields.

93. The recommendations in UNCTAD resolution 84 (III) on the international monetary situation aroused considerable interest at the twelfth session of the Trade and Development Board and it was unfortunate that at the last moment the Board had failed to agree on the text submitted by the President on the subject (see A/8715, Part One, annex IV.) Sweden had worked hard to achieve a compromise text, since it was convinced that, without creating any new institutions, UNCTAD could contribute to the international debate on those questions. It was prepared to continue those efforts and hoped that a solution could be reached at the second part of the twelfth session of the Board.

94. With regard to commodities, the failure to obtain positive results was to some extent outweighed by the last-minute compromise resolution 83 (III). His delegation felt that the consultations authorized by that resolution might well lead to an increased and more stable flow of income for the developing countries from commodity exports. Although UNCTAD's work on access to markets and price stabilization measures must be given high priority, the question of diversification should not be neglected. To his delegation, the efforts over 10 years to achieve a cocoa agreement constituted a test case of the possibilities to make further progress through commodity arrangements. It therefore hoped that the recently negotiated International Cocoa Agreement, 1972, could soon enter into force.

95. The need for supplementary financial measures, which had been discussed in UNCTAD since 1964, had increased during the past few years as more developing countries based their development efforts on well-conceived plans. It was therefore of great importance that IBRD should make the study on supplementary financing recommended by the Conference in its resolution 55 (III), so that the latter could be discussed at the sixth session of the UNCTAD Committee on Invisibles and Financing related to Trade.

96. The Swedish Government completely supported the sovereign right of all countries freely to dispose

of their natural resources, which had been reaffirmed in resolution 88 (XII) of the Trade and Development Board and welcomed the present trend towards greater self-reliance in many developing countries, and their determination to build their societies in accordance with the needs and wishes of their own people. The international community should respond positively to those efforts. With regard to the question of compensation relating to the exploitation of natural resources, that should be based on General Assembly resolution 1803 (XVII) and on the United Nations covenants on human rights, which referred to international law, arbitration and international adjudication. It must be realized, however, that in practice, solutions must often be based on compromises between conflicting interests.

97. Another achievement of the third session of UNCTAD was the action programme in favour of the least developed among the developing countries. The matter had since been actively pursued within the Governing Council of UNDP. At the 1972 United Nations Pledging Conference for UNDP<sup>7</sup>, Sweden had made a special contribution of \$3 million and would continue to give due attention to the problems of those countries and the best means of overcoming them.

98. Sweden and the other Nordic countries had sponsored Trade and Development Board resolution 91 (XII), in which the Board requested the Secretary-General of UNCTAD, with the assistance of a group of government experts, to examine the concepts of the present aid and flow targets, in accordance with the instructions given to the Board at the Conference. For many years, Sweden had argued that the international aid target should include only such flows as were clearly concessional and subject to effective Government control. In view of the vital importance of increasing the transfer of real resources to the developing countries, the decision to examine the existing aid targets should be regarded as one of the most important results of the third session of the Conference. The target for official development assistance should be the central one in the International Development Strategy. It should be void of non-aid elements and be calculated net of both amortization and interest payments. The 1 per cent target did not reflect the true net transfer of resources, as reverse flows of investment income and interest payments were not deducted. A clear distinction should also be made between real assistance flows and commercial transactions. All developed countries should aim at reaching the 0.7 per cent target for official development assistance by 1975.

99. The Swedish Government thought that considerable progress had been achieved at the Conference on a code of conduct for liner conferences. There had, for instance, been general agreement that there was a role for Governments to play in relation to a world code and also that a universally accepted code should be prepared and implemented as a matter of urgency, and work on its scope and content had been initiated through informal exchanges of views. His Government

<sup>7</sup> A/CONF.58/SR.1 and 2.



therefore regretted that the progress achieved had been obscured by the failure to reach agreement on the procedure to be followed in the subsequent work and earnestly appealed to all Governments members of UNCTAD to find a realistic solution.

100. Another achievement of the Conference concerned the transfer of technology. Although his Government did not subscribe to all parts of the programme of work set out in UNCTAD resolution 39 (III), it had announced its readiness to participate in the work of the Intergovernmental Group and hoped that it would be possible for the Trade and Development Board to give early consideration to that request.

101. Mr. KANKA (Czechoslovakia) said that the whole course of the third session of the Conference as well as the results achieved showed that, after eight years' work, many ideas and proposals were finding concrete expression or had already become an integral part of the practice of international economic relations. The gradual improvement of international economic relations was, however, still being hindered by political obstacles, such as aggression against Arab countries and against the peoples of Indo-China.

102. The continuing inflation in the market-economy countries and the crisis of the capitalist monetary system were having an unfavourable impact on trade and international liquidity and on the level of economic development of the developing countries, particularly with regard to primary commodity exports. Altered parities had repercussions on the real terms of trade in the products of those countries, with a disturbing effect on their efforts to diversify their trade and reform their economies. Close groupings of advanced capitalist countries also created new obstacles which disrupted the regular development of trade relations. A speedy solution of those issues on the basis of the widest possible equal participation of States was a fundamental prerequisite for further positive activities by UNCTAD.

103. His delegation agreed with the Secretary-General of UNCTAD that the third session of the Conference had been significant in clarifying the questions pertaining to the further development of international trade and the positions adopted by individual groups of countries. It had laid down a detailed and realistic programme for further action within the continuing machinery of UNCTAD. Resolution 53 (III) on trade relations among countries having different economic and social systems constituted a basic programme for his country's further participation in UNCTAD activities. The resolution's greatest contribution towards the promotion of international trade was that it not only expressed the agreement of all States to endeavour to eliminate the existing obstacles but also stressed the importance of positive measures in the economic policies of States to develop trade and economic co-operation. Such measures were being adopted by the central planning and economic bodies of the Czechoslovak Government. He wished to stress the significance attached at the twelfth session of the Trade and Development Board to consultations among countries with different economic and social systems and the desirability of intensifying such activities.

104. His delegation also believed that the development of industrial co-operation, and of science and technology would play their role in the activities of UNCTAD.

105. His Government attached great importance to the promotion of trade and economic co-operation with developing countries and was deeply interested in further participation in a mutually advantageous division of labour with those countries in certain processing industries. His country's imports of manufactured products from the developing countries, in particular machinery, chemical products, textiles and food products, had increased by over 25 per cent annually between 1968 and 1970. The Czechoslovak Government had reduced customs duties on imports from the developing countries by 50 per cent and was widening and diversifying its imports of manufactured and semi-manufactured goods. The long-term planning in Czechoslovakia, as in other socialist States, made it possible to include in the economic co-operation plans the needs of exports from the developing countries, on the basis of long-term trade contracts and agreements on scientific, technological and economic co-operation.

106. The third session of UNCTAD had also dealt with restrictive measures adopted by certain capitalist firms in their trade with the developing countries. In that connexion, his delegation welcomed the resolution adopted at the fifty-third session of the Economic and Social Council (resolution 1721 (LIII)), on the basis of an initiative by Chile, requesting the Secretary-General of the United Nations to establish a group of experts to study the role of multinational corporations and their impact on the process of development, especially that of the developing countries.

107. In accordance with its policy of peaceful co-existence, the Czechoslovak Government would exert efforts towards a permanent, planned and long-term development of its economic relations with all States on the basis of respect of sovereignty, equality and mutual advantages. Despite the improved normalization of East-West trade, certain discriminatory measures, including customs or other barriers, were still being applied to Czechoslovak exports by some advanced capitalist countries and their economic groupings. His delegation hoped that the more realistic policy adopted by those countries would gradually lead to the normalization of trade contacts and economic co-operation between them and the Czechoslovak Republic.

108. His delegation believed that the institutional arrangements agreed upon at the third session of the Conference would strengthen UNCTAD's role in negotiations and enhance the effectiveness of its operations, but that would be made easier if all interested States took an equal part in its activities. For instance, the German Democratic Republic, which had wide economic contacts with the developing countries and played a significant part in world production and trade, had often expressed willingness to participate in UNCTAD's activities.

109. The analysis of the achievements of the third session of UNCTAD proved that the traditional

methods used in market economies could not bring about the necessary fundamental changes in international economic relations. Economic doctrines based on free competition represented the domination by a few large capitalist countries which had accumulated wealth from their colonies in the past and were now endeavouring to continue that policy through new methods. Those unequal relations must be abolished through the joint efforts of all progressive forces in the world. His country was therefore endeavouring to see that the principles to govern international trade relations and trade policies adopted at the first session of UNCTAD were fully respected. Implementation of those principles by all countries would enable all peoples to have a fair share in the international division of labour and the achievements of the progress of technology. It therefore supported resolution 45 (III) of the Conference in which it was decided to draft a charter of economic rights and duties of States, which should become the basis of a system of new standards in international economic relations, based on the principles of the first session of UNCTAD in 1964. His country was prepared to assist in drafting the charter, which was to be submitted to the twenty-eighth session of the General Assembly.

110. Since the need for speedy improvement of the economic and social situation in the developing countries and particularly in the least developed among them did not allow for postponing urgent problems, it must be stressed that an indispensable prerequisite for economic measures was a gradual improvement of international relations and the creation of conditions for efficient mutual co-operation.

111. Mr. YOKOTA (Japan) said that UNCTAD resolution 82 (III), on multilateral trade negotiations, would have far-reaching implications for world trade and development. His country was one of those which had proposed such negotiations, which were to begin in 1973 within the framework of GATT, and it attached great importance to that resolution. The preparatory work for those negotiations being carried out by GATT included an invitation to non-member developing countries to participate in this work and also included studies on the possible effects of various negotiating techniques and modalities on the developing countries. It was also gratifying to note that, as shown in agreed conclusion 92 (XII) adopted by the Trade and Development Board (A/8715, Part One, annex I), the Secretary-General of UNCTAD was also taking preparatory measures pursuant to that resolution.

112. Another resolution of the third session which had considerable bearing on the future of the world economy, more specifically on monetary reform, was resolution 84 (III), which recognized the need for effective participation by the developing countries in the international monetary system. That had been implemented in part when the Committee of Twenty had been established within IMF. His country supported the developing countries' aspirations for increased participation in future examination of international monetary issues, which should continue to be pursued at IMF.

113. The third session of UNCTAD had witnessed an increased awareness of the particular problems of the least developed among the developing countries. Resolution 62 (III), which had provided for various measures in favour of those countries, was already being implemented, in particular by the timely steps taken by the Governing Council of UNDP at its fourteenth session. The recently established African Development Fund was expected to play an effective role in strengthening the infrastructure of the least developed countries of that continent. The Japanese Government had recently decided, subject to legislative approval, to contribute \$15 million to that Fund over the following three years.

114. Under the International Development Strategy, Japan had undertaken to attain the target of 1 per cent of its gross national product by 1975. Its performance had shown marked improvement since the second session of UNCTAD and in 1971 had attained 0.96 per cent of its gross national product. At the third session of the Conference, it had expressed its intention to endeavour to attain the target of 0.7 per cent for official development assistance, although an early achievement of that target would be no easy task. His delegation was afraid that discussions on the revision of targets might discourage those who were making every effort to attain the existing ones.

115. Without touching on all the issues left unresolved at the third session of UNCTAD and at the twelfth session of the Trade and Development Board, he wished to mention one specific question, namely, a code of conduct for liner conferences, since the pertinent draft resolution (A/C.2/L.1248) had been submitted by a number of developing countries. Although there was unanimous recognition of the urgent need to adopt and implement a universally acceptable code of conduct for those conferences, resolution 66 (III) on the same subject had been opposed by a significant minority at the third session of the Conference. The point of disagreement was that the code of conduct should be elaborated in the form of a convention, which his delegation did not consider the best way to achieve its objectives. Unfortunately, the draft resolution maintained that provision and his delegation earnestly hoped that it would be possible to reach a consensus on that issue in the Committee. That would enable his Government to take an active part in drafting the code. He was afraid that the short article from the English language newspaper *Japan Maritime Gazette* quoted by the representative of Sri Lanka in his statement at the 1492nd meeting left room for misunderstanding. A high official of the Ministry of Transport of Japan had in fact said that a difficult question for the developed countries would be how to handle the subject of the code of conduct in the Second Committee, and that at any rate, however, it was undesirable that the developed countries and the developing countries should confront one another on the issue. He would refer to the meeting of the Working Group on International Shipping Legislation mentioned by the representative of Sri Lanka at a later stage.

116. Japan would implement the measures to which it had pledged itself at the third session of UNCTAD,



including the attainment of the target for official development assistance, the improvement of the terms and conditions of such assistance, the promotion of untied aid in general and the early and substantial improvement of the generalized scheme of preferences.

117. Mr. CORDOVEZ (Secretary of the Committee) drew attention to the statements on financial implica-

tions submitted by the Secretary-General of UNCTAD to the third session of the Conference and to the Trade and Development Board, contained in annex IX to the report of the Conference (TD/178) and in annex IX to the report of the Board (A/8715).

*The meeting rose at 7.20 p.m.*