



Chairman: Mr. Walter GUEVARA ARZE (Bolivia).

**AGENDA ITEM 37**

**United Nations Conference on Trade and Development:  
report of the Trade and Development Board (continued)  
(A/8003/Add.1, chap. I; A/8015)**

1. Mr. PLEHN MEJÍA (Mexico) said that one of UNCTAD's outstanding achievements since its establishment in 1964 had been the approval of a non-discriminatory and non-reciprocal generalized system of preferences (see A/8015, part III, annex I), with a view to achieving the aims set forth in UNCTAD resolution 21 (II).<sup>1</sup> The system would be threatened if present protectionist tendencies were translated into action and non-tariff barriers were not removed. The system was an important departure from the traditional approach to international trade, with the aim of taking full account of the different levels of economic development in the international community. He considered that the system should be tried immediately, without prejudice to the later use of supervisory machinery to ensure that it was applied in accordance with the aims and policy measures set forth in the International Development Strategy for the Second United Nations Development Decade (General Assembly resolution 2626 (XXV)).

2. The list of products covered by the system was still far from complete, and the safeguard clauses placed the developing countries in a very difficult position in planning export-oriented enterprises, since the clauses permitted the countries granting preferences to withdraw them without prior consultation. If the system were to function properly there should be full consultation at all levels in order to protect the less privileged countries from such a risk. The supervisory machinery should be entrusted to the UNCTAD Special Committee on Preferences, and it should be given new terms of reference which would include the continuing assessment of how the scheme was working, the inclusion of additional products, and corrective measures, as required. He recognized that for the least developed countries the question of reverse preferences was a serious problem, and considered that those countries should be provided with appropriate compensation before the general application of the system. If that were done as quickly as possible, the generalized system of preferences could enter into force.

3. Another important development was the adoption of resolution 74 (X) of the Trade and Development Board (see

<sup>1</sup> See *Proceedings of the United Nations Trade and Development Board, Second Session*, vol. I and Corr.1 and 3 and Add.1 and 2, *Report and Annexes* (United Nations publication, Sales No.: E.68.II.D.14), annex I.

A/8015, part II, annex I), establishing an Intergovernmental Group on Transfer of Technology, since it recognized the urgent need to provide the developing countries with the technological information essential to their development. Mexico was making strenuous efforts to develop and diversify its industries, with a view to exporting a wider range of manufactured goods. However, access to the markets in the developed countries was made very difficult by a number of restrictive trade practices relating in particular to technical assistance contracts and the use of patents and trade-marks, all of which could be used to prohibit exports, either to different countries or of given types of products. All such practices were damaging to the economies of the developing countries.

4. While some limited progress was being achieved in dealing with trade problems, other development problems were becoming more serious, one of the most important being the terms and conditions of external financing of development. From 1961 to 1967 Mexico had been able to obtain external financing only on relatively unfavourable terms compared with other countries. Since 1967 the situation had deteriorated further; in 1968, multilateral financial institutions had charged interest of 6.5 to 7 per cent, interest on suppliers' credits had ranged from 6 to 10 per cent, and short-term Eurodollar loans had been made at interest rates of 6 to 7 per cent. In 1969 the corresponding figures were to 7 to 8 per cent, 6 to 12 per cent and 10 to 12 per cent, a substantial rise in each case.

5. Consequently, there was a greater outflow of foreign exchange from the developing countries, and they had more difficulty in obtaining the long-term international loans they needed for balanced development. External financing was an essential source of supplementary financing, and the international community must find some way to deal with the problem. Political measures were needed to solve it, and the developing countries that were members of the Trade and Development Board had submitted a draft declaration on lending policies at the first part of the Board's tenth session (*ibid.*, annex V). Unfortunately, the countries on whose political will any solution depended had opposed the adoption of the draft declaration. The developing countries that had not had the benefit of soft loans from IDA would continue their efforts to obtain such loans.

6. With respect to commodities, resolution 73 (X) of the Trade and Development Board did not provide for any specific measures, but merely laid down a work programme for UNCTAD. Nor did it contain any provisions regarding incentives to non-economic production of commodities in the developed countries. Consequently Mexico, while not opposing the resolution, since it contained certain elements of international co-operation, considered that the statement

of intentions in the resolution might create a precedent that would hamper future progress by UNCTAD and other international agencies in that field.

7. With respect to UNCTAD's methods of work, he agreed with other speakers that they should be strengthened within the dynamic context so clearly explained by its Secretary-General. No doubt the problems still facing UNCTAD might be solved at future meetings of the Trade and Development Board, and at its third session, given the necessary political will.

8. At the third session of UNCTAD the aim must be to carry out the policy measures agreed on in the International Development Strategy to attain specific agreements on questions which had not been dealt with in detail in the Strategy but which were important for maintaining its dynamic character, and to seek new areas of agreement and extend those that already existed. He fully agreed with the view expressed by Senegal at the 1333rd meeting that international co-operation between developed and developing countries should be general, and there should be no exception based on economic or social situations in the past, as long as the countries in question had technical, human or material resources that would permit them to contribute more than they were doing in the fight against underdevelopment. As to any financial implication in decisions taken by UNCTAD, Mexico was prepared to support the expenditure involved, both in the Second Committee and elsewhere.

9. Mr. LIDGARD (Sweden) said that he wished to make a few comments on some aspects of UNCTAD's work, on behalf of the delegations of Denmark, Finland, Iceland, Norway and Sweden. The fact that it had been possible, as the result of lengthy discussions in several international organizations, to adopt the International Development Strategy promised well for future progress. But the same bold political will that had been needed for the adoption of the Strategy would be needed for pursuing its great aims and implementing its policy measures, in international organizations, multilateral and bilateral meetings, and in national policy planning.

10. The Nordic countries had always advocated an integrated approach to development, and were pleased that the International Development Strategy had taken that aspect into account. As the main objective of development was improving the lot of the individual, it was important that all sections of the population should both participate in development and share in its benefits. Consequently equitable income and wealth distribution and sufficient employment were vital goals.

11. One of UNCTAD's most important achievements was its work on a non-discriminatory and non-reciprocal generalized system of preferences in favour of developing countries. The Nordic countries had participated in that work, and were very pleased that it had been successful. The system was not yet complete in every detail, and the complex problem of rules of origin, for example, still had to be solved. Nevertheless, he hoped that the system would be put into effect as soon as possible, and that the less developed countries could benefit substantially. Further improvements should be made to increase the export

earnings of the developing countries and promote their industrial and economic development.

12. To ensure success, further efforts in trade promotion for various types of products would be necessary, and there, too, UNCTAD had a key role. However, he was concerned over the apparent reluctance to provide sufficient funds for the UNCTAD/GATT International Trade Centre, and hoped that attitude would change. The Nordic countries had contributed substantially to the Trade Centre, and worked closely with it, but those contributions were intended to supplement other funds, not replace them.

13. He referred to the declaration of the Trade and Development Board on supplementary financial measures (see A/8015, part II, para. 203), in which the Board had expressed the hope that IBRD would give further consideration to the adoption of supplementary financial measures at the earliest practicable opportunity and that, in the meantime, it would pursue its efforts of working out a discretionary scheme of supplementary financing. The Nordic countries regretted that more progress had not been made on that important aspect of development aid efforts.

14. The Nordic countries believed that diversification of production, both horizontal and vertical, should be given high priority if the developing countries' export earnings were to be increased. The structural problems in those countries urgently required diversification measures. Consequently, at the fifth session of the Committee on Commodities, the Nordic countries had initiated a request<sup>2</sup> that the Secretary-General of UNCTAD should prepare proposals for specific action by national and international bodies for solving structural problems in particular commodity areas.

15. With respect to cocoa, he questioned whether consultations in the Consultative Group were still the most appropriate way to proceed. The Group seemed to be entering areas that should be dealt with either at a full conference or by the administrative organs of a cocoa agreement, being problems either of some detail, or of such a nature that their solution must be based on the market conditions prevailing after the agreement entered into force.

16. With respect to UNCTAD as a forum of consultations, the Nordic countries thought it important to expand the type of informal consultations so successfully used by the President of the Board and the Secretary-General of UNCTAD when UNCTAD's contribution to the International Development Strategy was being prepared. Continuous consultations at all levels would enable UNCTAD to screen the whole field of problems and identify those ripe for solution, which could then be given priority at committee meetings. Thus, UNCTAD could concentrate on important issues where there was a good chance of results, with the likelihood of a favourable impact on public opinion and the national administrations concerned.

17. Successful work with the International Development Strategy had been made possible largely through *ad hoc*

<sup>2</sup> See *Official Records of the Trade and Development Board, Tenth Session, Supplement No. 3*, paras. 65 to 67.

co-operation between countries belonging to different groups within UNCTAD. The group system, though useful and necessary, had limitations when it came to solving certain specific problems. Unless the group system was operated more flexibly, it might lead to maximum demands being made and minimum concessions offered, obviously not the road to agreement. The aim should be to seek through extensive consultations, involving all shades of opinion, the widest possible area of agreement, and he hoped that such an approach would lead to rapid results in the future, as it had in the past.

18. At present, the Trade and Development Board dealt with many varied questions in some detail, and its sessions were long. Intensified informal preparations, particularly respecting procedural and administrative questions, might permit greater concentration on important issues. Advance knowledge of when particular issues were due to be discussed during the meetings of the Board would permit member countries to have their experts ready at the right time.

19. Government work in member countries was becoming more complicated as more agencies were involved. Inter-agency co-ordination took time, and so did the digesting of the voluminous documentation required for participation in policy-making. It would be easier to give documents of the UNCTAD secretariat the detailed study they deserved if they were available further in advance of meetings than they were at present.

20. The committee structure of UNCTAD needed reviewing, to ensure that the work load was distributed between committees in a more balanced way. Perhaps the Secretary-General of UNCTAD could consider that question in informal talks with interested countries.

21. He hoped that member countries would enter the Second United Nations Development Decade with open minds. UNCTAD must continue to be an opinion leader, and take bold decisions. The judgement of the international community on the success of the Second Development Decade would depend on how far the guidelines of the International Development Strategy were acted on. It must be regarded as a framework into which revised objectives and new measures could be continually inserted during the Decade. The Strategy gave a clear picture of the areas where major problems remained, and indicated what sort of measures were needed to solve them.

22. UNCTAD had already made a notable contribution to the cause of development by identifying the needs of developing countries in trade and aid, and the measures needed to overcome present difficulties. The Trade and Development Board was exercising the kind of political surveillance needed if a breakthrough in development was to be achieved. UNCTAD, under the mandate given to the General Assembly and to the Economic and Social Council in the International Development Strategy, had a vital role to play in the general appraisal scheme outlined in the Strategy.

23. Mr. PÉREZ GUERRERO (Secretary-General of the United Nations Conference on Trade and Development) expressed his gratitude to members for their expressions of

confidence in UNCTAD, and assured them that UNCTAD would continue to work within the framework of its present institutional arrangements, pursuing its efforts to establish its own identity.

24. Some difficulties were encountered in the administrative machinery for decision-making. The system of regional groupings was inherent in the type of problems UNCTAD faced. UNCTAD maintained close contact with OECD, the Council for Mutual Economic Assistance, regional groupings of developing countries and the Group of Seventy-seven. It was recognized that the various groupings must not adopt rigid positions if they were to fulfil their useful role. Meetings of grouping held in UNCTAD over the past year had proved generally most fruitful.

25. Because UNCTAD had to proceed mainly on the basis of consensus, inter-group meetings were held to work out compromises on matters of special significance. Such a compromise had led recently to the adoption of a system of generalized non-discriminatory, non-reciprocal preferences. It was hoped that the system, which was not yet fully satisfactory to all, would improve in effectiveness over the years for the benefit of all developing countries. It was expected that more products would gradually be covered by it and that greater flexibility in management would be developed, particularly in the use of safeguard mechanism. He would pursue the contacts already made with interested Governments with a view to eliminating obstacles to the participation of all eligible developing countries in all schemes. UNCTAD fully understood the apprehensions expressed by a number of countries and would make every effort to ensure that they were dispelled in due course.

26. The question of special and reverse preferences was very complex. It was hoped that the generalized system would eventually cover all countries without any discrimination and that the present system of vertical preferences would gradually be absorbed in it with a view to ensuring greater export diversification in the markets of the industrialized countries. UNCTAD would seek to ensure that countries now enjoying preferences would not be prevented from benefiting from new ones. Any prejudices which might arise in the generalized system would be brought to the attention of Governments with a view to the adoption of corrective measures. Rather than speculate as to the effect of the system of generalized preferences for certain countries—a matter in which UNCTAD had attempted to help ECA—UNCTAD felt that it would be best to follow developments closely through the appropriate channels and take any necessary precautions or remedial action as the need arose.

27. UNCTAD would continue to stress the importance of giving special attention to the least developed among the developing countries, including land-locked countries. The Trade and Development Board planned to establish another group of experts to devise a practical approach to the problems facing those countries. The prevailing view in UNCTAD was that it was most appropriate at the present stage to concentrate on problems arising in specific fields with which UNCTAD was concerned.



28. Although efforts were being made to diversify the economies of the developing countries, primary products would remain their mainstay for years to come. Resolution 73 (X) of the Trade and Development Board on pricing policy and the liberalization of commodity trade provided a good basis for future work. It was desirable to concentrate on increasing exports of specific products. It was hoped that a cocoa agreement would be reached before the third session of UNCTAD. Although success in that area had been elusive thus far, the willingness of all countries to reach a compromise augured well for progress in respect of cocoa and other products. Some progress had been made regarding an agreement on tea. UNCTAD and FAO were working closely in that area. UNCTAD had prepared an econometric model applicable to the tea industries of producer countries.

29. It was hoped that practical results would be achieved with regard to trade arrangements for oil-seeds, oils and fats. FAO machinery was being strengthened to that end and UNCTAD would co-operate with that agency.

30. Turning to the question of development finance, he said that UNCTAD and IBRD had begun discussions to explore the possibility of providing developing countries with supplementary financing as the problems anticipated in the system of preferences were likely to arise. IBRD had acknowledged that it should assume greater responsibility in helping countries shoulder their debt burdens and UNCTAD would endeavour to tackle the question of preventive action to ward off major financial difficulties. UNCTAD would probably be asked at its third session to consider the possibility of the establishment of a link between the allocation of new reserve assets under the scheme of Special Drawing Rights and the provision of additional development finance. UNCTAD had taken note of the proposal for a multilateral interest equalization fund as a way to alleviate the present and future debt burdens of the developing countries. The misgivings of various countries concerning the link and the fund would have to be taken into account.

31. UNCTAD would also pursue the progress registered thus far with regard to shipping, in the light of future developments.

32. With regard to the transfer of operative technology, it should not be assumed that UNCTAD's role would be a broad one. The key to success would depend on how well UNCTAD concentrated on a small number of aspects which would complement the activities of other organizations within the United Nations system. It would also be important to relate UNCTAD's activities in the transfer of technology to other areas of its work such as export trade and invisibles. It was to be hoped that before the third session of UNCTAD the Intergovernmental Group on Transfer of Technology would be able to draw up a meaningful work programme for UNCTAD and, with the assistance of the secretariat, to maintain close contact with other organizations and thus avoid duplication.

33. All the matters he had referred to would form part of UNCTAD's contribution to the implementation of the

International Development Strategy for the Second United Nations Development Decade. An effort must be made to ensure that UNCTAD's role in the review of progress made in the implementation of the Strategy was recognized throughout the United Nations system. Although its experience in following up the implementation of its own decisions would be useful, its procedure would require to be made more effective and practical, in order that it could provide Governments with guidance in the implementation of the Strategy.

34. Although the third session of UNCTAD would be of undoubted importance, it was difficult to determine exactly how it would differ from the two preceding sessions. Its agenda would depend to some extent on the results achieved through the permanent machinery of UNCTAD before the third session was held. The Trade and Development Board had specified in its resolution 45 (VII) that the agenda items should be confined to issues ripe for settlement or matters on which further guidance was required. The general debate, which it was hoped would be conducted at the Cabinet Minister level, would provide an excellent opportunity for suggesting new initiatives. The more items were included in the agenda, the longer the session would be. Since resolution 45 (VII) of the Trade and Development Board recommended a duration of not more than four weeks, the items to be included must be carefully selected. They could not be confined to one particular field of UNCTAD's activities but should cover all fields, the most important topics being selected from each. He had prepared an illustrative list of possible topics and a new list of additional items had been drawn up. Both would be considered in due course by the Trade and Development Board.

35. It was essential for UNCTAD to step up its public information activities. The public must be made to understand the need for UNCTAD's activities and their importance not only to the developing countries but to the world as a whole. A special effort should be made to awaken public opinion in developed countries to the fact that issues of development were of concern to all, not merely to those in need of assistance. The present situation with regard to public information, while not satisfactory, was fluid. The Centre for Economic and Social Information would prove useful, and UNCTAD, through its membership in the inter-departmental committee of the Centre, would no doubt enjoy a position commensurate with the importance of its work. Increasing importance would be attached to public information in future, and he was convinced that Governments would assist in producing well-designed public information programmes to reach people capable of influencing opinion in their countries. He had visited a number of countries, concentrating on the major contributors to UNCTAD among the developed countries of both the market-economy and the socialist systems, and had been gratified to find that the importance which they attached to UNCTAD's activities was greater than he had realized. Although there were various obstacles to the provision of increased financial contributions he was sure that, through their awareness of that need, the Governments would do everything possible to facilitate the common tasks being carried out through UNCTAD.

## AGENDA ITEM 38

**United Nations Industrial Development Organization:**

**(a) Report of the Industrial Development Board (*continued*)\* (A/8003 and Corr.1, chap. VI; A/8016, A/8066, A/8073 and Corr.1; A/C.2/L.1118, A/C.2/L.1119)**

36. The CHAIRMAN drew the Committee's attention to draft resolution A/C.2/L.1119 on a special international conference of UNIDO and said that Chile, Indonesia and Madagascar should be added to the list of sponsors. He also said that the Committee had before it a note by the Secretary-General (A/C.2/L.1118) on the administrative and financial implications of the convening of the international conference.

37. Mr. BRILLANTES (Philippines), introducing draft resolution A/C.2/L.1119, said that it was an attempt to crystallize the views predominantly expressed in the Committee on the subject of the Special International Conference of UNIDO. It followed the normal pattern for such resolutions, with a decision to hold the Conference, followed by requests for adequate preparation and for transmission of the report of the Conference to the General Assembly.

38. With regard to operative paragraph 4, the co-sponsors had felt that since the Conference would be the first international conference of members of UNIDO, its report should be submitted to the General Assembly, which would then be fully competent to exercise the authority conferred on it under paragraph 37 of General Assembly resolution 2152 (XXI).

39. The sponsors also hoped that in preparing the agenda for the Conference the Executive Director and the Advisory Committee for the Special Conference would take fully into account the views expressed during the debates of the Second Committee. It was hoped that the documentation would be made available to all members of UNIDO, especially members of the Industrial Development Board, who, at the fifth session, would discuss not only preparatory and organizational matters but the issues to be discussed in the conference, and would reach agreement on how the discussions should take place. The sponsors believed that the financial implications as described in document A/C.2/L.1118 were extremely modest, and hoped that draft resolution A/C.2/L.1119 would be adopted unanimously.

40. Mr. DE AZEVEDO BRITO (Brazil) said his delegation wished to reiterate its concern regarding the results which might be expected from the Special International Conference of UNIDO, in view of its duration, the vagueness of its agenda and the intrinsic limitations arising from the fact that it was supposed to hold only plenary meetings. His delegation believed that the provisional agenda as recommended in resolution 29 (IV) of the Industrial Develop-

ment Board merely outlined the scope of the Conference, and that each individual item must consequently be interpreted in a comprehensive manner.

41. At a time when so many initiatives were being taken to prepare adequately for convening, in 1972, on a very large scale the United Nations Conference on the Human Environment, it was disappointing that the Special International Conference on industrial development had a curtailed agenda and insufficient time for effective and substantive debate. The comparison suggested that the United Nations did not give particularly high priority to industrial development, which was particularly distressing because the vast majority of its Members considered industrial development a goal of primary importance.

42. His delegation therefore wished to place on record its dissatisfaction at the general playing-down of a conference which had been intended to constitute a landmark in the co-operative effort of the international community for industrial development.

43. Mr. CUBILLOS (Chile) expressed the hope that the draft resolution, of which his delegation was a co-sponsor, would enable UNIDO to establish a future policy for action within the framework of the International Development Strategy. Since it would be held at the highest possible level of governmental representation, his delegation hoped that the Special International Conference could also discuss the possibility of UNIDO being transformed into a specialized agency of the United Nations system, as the developing countries had in fact wished when it was first set up. According to his delegation's interpretation, the General Assembly was authorized by paragraph 37 of resolution 2152 (XXI) to examine the need for such a transformation, and he hoped that the report of the Conference would make a recommendation for such a change in status to the General Assembly, which could then take a decision at its twenty-sixth session.

44. Mr. GOBBA (United Arab Republic) said his delegation supported the draft resolution, although it would have preferred it to contain a specific reference to the contents of paragraph 37 of General Assembly resolution 2152 (XXI), since it believed that the time was ripe for discussion of the future institutional arrangements for UNIDO. However, since item II of the agenda for the Conference contained in resolution 29 (IV) of the Industrial Development Board referred to organizational structure, his delegation would not insist on introducing an amendment.

45. Mr. DIXIT (India) endorsed the comments of the representative of Brazil with regard to the scope of the Conference's agenda. He also agreed that perhaps a duration of one week would not be sufficient to do full justice to the important subjects under discussion, but hoped that in view of the high level of representation at the Conference it would serve the purpose of focusing public attention on those questions.

\* Resumed from the 1331st meeting.

46. Mr. MILTON (United Kingdom) said that his delegation endorsed the draft resolution, and suggested, with the agreement of the sponsors, the insertion of the word "Development" between "International" and "Strategy" in the fifth preambular paragraph.

47. Mr. AMIRMOKRI (Iran) recommended the adoption of the draft resolution, of which his delegation was a co-sponsor.

48. The CHAIRMAN said that in the absence of any objection he would consider that the Committee adopted draft resolution A/C.2/L.1119.

*The draft resolution, as orally amended, was adopted without objection.*

*The meeting rose at 1.10 p.m.*