



Chairman: Mr. Walter GUEVARA ARZE (Bolivia).

AGENDA ITEM 12

Report of the Economic and Social Council (concluded)
(A/8003 and Corr.1, chaps. I to VI, VII (sect. A, paras. 234 to 239), VIII, X (sects. A to C), XI (sects. B to D, F to J and L) and XIII (sects. A to C and E); A/8003/Add.1)

1. Miss WILLIAMS (New Zealand), introducing on behalf of the sponsors revised draft resolution A/C.2/L.1112/Rev.1 on multilateral food aid, drew the Committee's attention to the changes made in the original text, namely, the insertion of what was now the second preambular paragraph and the insertion in the operative part of a new paragraph 2, paragraphs 1 and 2 of the original text now being combined into a single paragraph 1. The purpose of both those changes was to place the world food problem in a broader context. Operative paragraphs 3, 4, 5 and 6 of the original text were maintained unchanged; in that connexion she wished to explain to those delegations which had expressed surprise at the fact that operative paragraph 3 did not contain all the recommendations made by the United Nations/FAO Intergovernmental Committee of the World Food Programme in its eighth report (see E/4835), that it was only for the sake of clarity and brevity that the sponsors of the draft resolution had not reproduced the full text of those recommendations. Operative paragraphs 7 and 8 had been added to the original version; the reminder contained in paragraph 7 met the desire expressed by the delegation of India (1324th meeting) that the Secretary-General of the United Nations and the Director-General of FAO should act on the request made to them under the terms of paragraph 9 of resolution 2462 (XXIII) by reporting to the General Assembly as soon as possible. However, it did not seem desirable to set a specific date for the submission of that report, as the officials concerned should be given a certain freedom of action. Operative paragraph 8 had been added at the request of the delegation of Pakistan; the catastrophe which had recently struck Pakistan had only confirmed the need to take measures to cope with unforeseen urgent situations.

2. According to the latest information received, the Director-General of FAO had recently submitted his conclusions on the problem referred to in operative paragraph 8 to the Council of FAO, which had approved them. Paragraph 8 therefore should be amended by replacing the phrase after the words "establishment of food reserves", by "further notes that he has submitted his conclusions to the Council of the Food and Agriculture Organization of the United Nations and invites him to report to the Economic and Social Council as soon as

possible". For the same reason the words "is consulting" in the third line of the paragraph should be replaced by "has consulted"; also, the word "to" should be added after "consideration".

3. With regard to the amendment submitted by the delegation of Argentina (A/C.2/L.1114) to the original draft, which reproduced part of paragraph 144 of the Intergovernmental Committee's report, her delegation did not believe it desirable to include in the draft resolution provisions inspired by the particular interests of a single country or specific group of countries. If the amendment was put to the vote, her delegation would vote against it.

4. Mr. BUNGE (Argentina) said that the amendment submitted by his delegation (A/C.2/L.1114) was based on a recommendation of the Intergovernmental Committee of the World Food Programme contained in paragraph 144 of its report. The amendment reflected the concern of the developing countries which were producers and exporters of food products, and from which WFP made an inadequate share of its purchases. Since the financial resources of WFP were limited, and in view of, *inter alia*, the magnitude of the needs to be met and the increase in the freight charges, the fact that many developing countries should be able to count on a continuous flow of food product exports under WFP, and finally, the fact that emergency aid would be more effective, more rapid and better suited to the needs of the populations if the food products distributed were purchased in regions close to the receiving countries, it might be said that the amendment submitted by his delegation was in the interest of all developing countries; if there was no change in the current situation, the result would be that part of the World Food Programme's resources would be used not to purchase food products but to pay the freight charges imposed by the developed countries. Finally, the amendment imposed no formal obligation on the Governments of Member States, since it merely stated that they should "endeavour . . . wherever possible" to raise their cash contribution to WFP above the amounts required for transport, insurance and other services for WFP operations. Under the circumstances, his delegation hoped that its amendment would be supported by the majority of the members of the Committee.

5. Mr. PRAGUE (France) said that the draft resolution submitted by the delegation of New Zealand was balanced, and should be acceptable to the great majority of the Members of the Committee. He understood and respected the reasons for which the delegation of Argentina had submitted an amendment to the original draft, but feared that in its present form it might raise serious difficulties for a large number of delegations. To allay the concern felt by many of them, it would perhaps be sufficient to change the text of the amendment by inserting, after the words

“wherever possible”, the phrase “and without prejudice to the obligations arising under existing international agreements”; the remainder of the text would be unchanged.

6. Mr. VISESSURAKARN (Thailand) said that his delegation would abstain from the vote on draft resolution A/C.2/L.1112/Rev.1 not because it was indifferent to the problem of multilateral food aid or to WFP, but because in its view the text did not take sufficiently into account the interests of the developing countries which were exporters of food products. He regretted in particular that no mention was made of the damage caused to farmers in the developing countries by unjustified sales of food products from the developed countries. For example, the sale of large quantities of rice in the Far East had had unfortunate repercussions on his country's exports, and his delegation would welcome an assurance that such acts would not be repeated; in the same spirit, it fully supported the amendment proposed by the delegation of Argentina.

7. Mr. BUNGE (Argentina) said that the change proposed by the representative of France was acceptable to his delegation; nevertheless, he regretted that the scope of the amendment was thereby somewhat reduced.

8. Mr. RINGNALDA (Netherlands) said his delegation had no objection to the inclusion in the draft resolution of the amendment submitted by the delegation of Argentina, as modified by the proposal of the representative of France.

9. Mr. CARANICAS (Greece) said he supported draft resolution A/C.2/L.1112/Rev.1, but had a number of comments to make on it. In the first place, the provision contained in operative paragraph 4 would be more appropriately situated in the preamble, since the resources of WFP could not be doubled in the immediate future. Also, it would be desirable to make a drafting change in that provision by replacing the words “to the fact that recent experience demonstrates that” by “to the fact that, as recent experience demonstrates.”. Finally, it would appear that the wording of operative paragraphs 6 and 8 should be harmonized, since paragraph 6 referred to FAO while paragraph 8 referred to the Council of that organization.

10. Nevertheless, his delegation would vote for the adoption of the draft resolution and for the inclusion of the Argentine amendment as modified by the proposal of the French delegation.

11. Miss WILLIAMS (New Zealand) assured the Thai delegation that her delegation fully understood its position, which would be taken into account in future. Replying to the representative of Greece, she said that the provision drawing the attention of Member States to the fact that WFP could utilize resources up to double or more the target level agreed for 1971-1972 had intentionally been included in the operative part of the draft resolution: that was one of the two recommendations in its report which the Intergovernmental Committee had specifically requested should be drawn to the attention of Member States; the other recommendation, together with a similar request, had been incorporated in operative paragraph 3 (b). As to the different wording of operative paragraphs 6 and 8 referred to by the representative of Greece, she noted that in

operative paragraph 8 the sponsors of the draft resolution had followed the wording of paragraph 5 of General Assembly resolution 2462 (XXIII), whereas in operative paragraph 6—according to which the Intergovernmental Committee could draw on assistance as appropriate from the FAO secretariat or its Council—it had appeared preferable simply to mention FAO in general.

12. Lastly, although her delegation recognized that the change proposed by the representative of France improved the Argentine amendment, it was still opposed to its adoption, not so much for reasons of substance as for reasons of principle, which had been mentioned at the beginning of the debate.

13. The CHAIRMAN invited the members of the Committee to vote on the Argentine amendment, as modified on a proposal by the French representative.

The Argentine amendment was adopted by 45 votes to 9, with 35 abstentions.

14. Mr. DUNN (United States of America) requested a separate vote on operative paragraph 8.

Operative paragraph 8 was adopted by 81 votes to 1, with 10 abstentions.

15. The CHAIRMAN invited the members of the Committee to vote on draft resolution A/C.2/L.1112/Rev.1 as a whole.

The draft resolution, as amended, was adopted by 82 votes to none, with 9 abstentions.

16. Mr. LIDGARD (Sweden) said that his delegation had been obliged to abstain in the vote on the Argentine amendment as modified by the proposal by France. The Swedish Government had always stressed the importance of the principle that one third of the contributions should be made in cash, which should allow the administration of WFP sufficient flexibility and enable it to purchase supplementary protein-rich food-stuffs.

17. Mr. HAMAMOTO (Japan) said that his delegation had abstained in the vote on the draft resolution as a whole because it had been unable to accept the Argentine amendment, even as modified by the French proposal. His delegation had no objection, however, to the rest of the draft resolution.

18. Mr. DUNN (United States of America) said that his delegation had opposed the adoption of operative paragraph 8 but had voted in favour of the draft resolution as a whole. His Government did not consider the establishment of food reserves to be an appropriate way of utilizing WFP resources. It did, however, recognize the possibility of establishing national buffer stocks.

19. Mr. ALLEN (United Kingdom) said that his delegation had voted against the Argentine amendment for the same reasons as the New Zealand delegation, since there had been no basis for emphasizing one interest more than another. Furthermore, the draft resolution should have included paragraph 144 of the report of the Intergovernmental

Committee. His delegation supported the principle referred to by Sweden to the effect that one third of the contributions should be made in cash.

20. Mr. LISOV (Union of Soviet Socialist Republics) said that his delegation had abstained in the vote on the draft resolution for two reasons. First, in that draft the General Assembly noted with appreciation the report of the Intergovernmental Committee and invited Member States to take account of the relevant recommendations and observations in the report while considering implementation of the policy measures set out in the International Development Strategy for the Second United Nations Development Decade (General Assembly resolution 2626 (XXV)). His delegation could not approve a series of recommendations in the report which ran counter to the position of principle of the USSR. Furthermore, the USSR was not a member of FAO and did not take part in the multilateral food aid programme. Therefore, it could not endorse commitments, whatever their nature, to which the draft resolution would give rise.

21. Mr. KELSO (Australia) said that his delegation had voted in favour of the draft resolution. It wished to point out, however, that contributions to WFP exceeded the Programme's expenditures. Australia, for its part, had raised its contribution for the current biennial period and could not increase it further. The World Food Programme must take care to make commitments which it could meet within its resources.

22. With regard to operative paragraph 3 (c), Australia preferred to provide aid on a bilateral basis.

23. Mr. DUBEY (India) said that his delegation had voted in favour of the draft resolution; it was not entirely satisfied, however, with the manner in which the recommendation in operative paragraph 9 of General Assembly resolution 2462 (XXIII) had been implemented thus far. There was reason to believe that the General Assembly was moving increasingly further away from an integrated approach to the solution to the food problem, as stressed in that resolution. The draft resolution created the impression that the solution was to be found in the discovery and utilization of food surpluses. Two years had passed since the adoption of General Assembly resolution 2462 (XXIII) and, unfortunately, very little progress had been made since then. He appealed to the Secretary-General to report on the subject as soon as possible in order to ensure that the momentum generated by the adoption of General Assembly resolution 2462 (XXIII) did not slacken further.

24. Mr. ARVESEN (Norway) said that his delegation fully endorsed the view expressed by the representative of Sweden.

25. Mr. KAMAL (Pakistan) said that his delegation had voted in favour of operative paragraph 8 and the draft resolution as a whole. It was, however, disappointed that so little progress had been made with regard to the establishment of reserves of food-stuffs since the adoption of resolution 2462 (XXIII); his delegation had hoped that the proposals in paragraph 5 of that resolution would have met with a greater response. His delegation stressed the

importance of such measures, in view of the recent catastrophe which had struck Pakistan. Although it had voted in favour of the draft resolution under discussion, it nevertheless hoped that a more positive approach to the establishment of food reserves would be adopted.

26. The CHAIRMAN announced that the Committee had concluded its consideration of agenda item 12 and that the Rapporteur should submit the Committee's report direct to the Assembly in plenary.

AGENDA ITEM 45

Permanent sovereignty over natural resources: report of the Secretary-General (A/8058, A/C.2/L.1136)

27. The CHAIRMAN invited the Committee to consider the question of permanent sovereignty over natural resources and announced that Guinea, Mauritania and Sierra Leone should be added to the list of sponsors of draft resolution A/C.2/L.1136.

28. Mr. CUBILLOS (Chile), introducing draft resolution A/C.2/L.1136 on behalf of the sponsors, said that the matter was one of great importance for the developing countries, since it was directly related to the actual process of exercising their national sovereignty. On many occasions, the legitimate right of the developing countries to exercise sovereignty over their natural resources had been denied them. Even when the developing countries had adopted legislation to protect the exercise of their sovereignty, foreign investors had devised accounting, administrative or trade methods to limit the scope of that legislation. The experience of some developing countries in that field should be available for use by others. It should be determined what the relations between the host country and foreign private capital ought to be, and what conditions would attract investments to developing countries. In the past the exercise of sovereignty over natural resources had been denied to many countries and territories. Since that time those countries had obtained their independence and had begun to control the use of their resources. But even today foreign investors tended to put their interests above those of the countries in which they invested. That was a form of economic neo-colonialism. The United Nations should concentrate its attention on that fact, and it was to be hoped that the Secretariat would be able, with the help of Governments, to make a more precise study of the conflict between the sovereignty of the developing countries and the excessive private interests of foreign capital. That should be a subject for continuing study by the Committee on Natural Resources. He hoped that the Secretariat would provide it with the necessary documents.

29. The report of the Secretary-General (A/8058) was most important, even though it seemed to be based on the view that an acceptable *modus vivendi* should be found between the sovereignty of the developing countries and private interests. The sponsors of draft resolution A/C.2/L.1136 thought those studies should be followed up by the Committee on Natural Resources in the light of the experience of various developing countries. Operative paragraph 4 of the draft resolution should be viewed from that angle. The General Assembly and the Economic and Social Council would thus have further material in tackling

the problem. In that connexion, the sixth preambular paragraph was also important. The reference to the mobilization of the domestic resources of the developing countries was crucial. The Charter of Algiers¹ had already emphasized that the primary responsibility for development lay with the developing countries themselves. Consequently, they must analyse their position concerning domestic resources and the role of domestic capital in the exercise of fuller sovereignty over their natural resources. According to the report of the Commission on International Development, domestic savings had financed 85 per cent of the total investments in the developing countries during the past decade.² The developing countries should strive to mobilize their domestic savings more effectively so that they could increase their total investments and their share in the exploitation of their natural resources. That was a real challenge that those countries must accept if they did not want to depend on foreign capital and continue to suffer outflows of foreign exchange to pay off their external loans. New methods must be adopted to solve that problem. The developing countries should be able to exploit their natural resources independently in order to exercise real sovereignty over those resources. In the draft resolution Member States were invited to inform the Committee on Natural Resources on the new steps they had taken to safeguard their sovereignty over their resources. The exact amount of the reverse flow of capital should be determined; some studies had shown that in recent years it had exceeded net transfers of funds from the developed to the developing countries. Governments should supply more detailed information to the Committee on Natural Resources, to enable it to arrive at sectoral conclusions. For that purpose the Committee could use the studies made by the secretariat of UNCTAD and the Department of Economic and Social Affairs. The sponsors of the draft resolution also hoped that the Committee would study how the developing countries were taking advantage of modern technology in industries that were exploiting their natural resources. One way of exercising full sovereignty over natural resources was to absorb new techniques; consequently, it was important to train national staff capable of applying such techniques and to disseminate information about identical processes which could be used in countries with similar natural resources. The Committee should receive such information from UNIDO.

30. Thus far the developing countries, for reasons of public interest, had been able to resort to the nationalization, expropriation or seizure of foreign investments. Whenever the question of compensation gave rise to controversy, the internal means of recourse of the State taking the measures concerned should first be exhausted. On that point it was only necessary to refer to the provisions of General Assembly resolution 1803 (XVII). But it should be possible to show some imagination by elaborating more specific measures. For example, consideration might be given to the principle that foreign private capital should be so integrated with the economic activities

¹ See *Proceedings of the United Nations Conference on Trade and Development, 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 IX.

² Commission on International Development, *Partners in Development* (New York, Praeger Publishers, Inc., 1969).

of the host country that it was not re-exported to the country of origin. The criteria applying to the immigration of individuals should apply to capital. That formula could be effective because it would ensure that the immigrant capital would be re-invested and remain permanently in the host country. The Panel on Foreign Investment in developing countries organized by the Secretary-General could meet again to consider that idea, which would better suit the needs of the countries of the third world. The General Assembly, the Economic and Social Council and the Committee on Natural Resources would then have further means of ensuring the free exercise of sovereignty, by the developing countries over their natural resources, which was merely part of their territorial sovereignty. Chile hoped that the draft resolution could be adopted unanimously by the Committee.

31. Mr. INSANALLY (Guyana) said that in his address to the 1876th plenary meeting of the General Assembly the Minister of State for External Affairs of Guyana had stressed the imperative need for the developing countries to exercise permanent sovereignty over their natural resources. He had expressed the hope that, when the Economic and Social Council discussed that item, the developed countries would give positive assistance to those developing countries seeking to exercise effective sovereignty over their natural resource development. Furthermore, the International Development Strategy recognized that financial and technical assistance should not in any way be used to the detriment of the national sovereignty of recipient countries, and that it was the duty of each country to develop its human and natural resources.

32. Yet the present picture of investment in development was a gloomy one. By giving a pejorative meaning to the words "nationalization" and "appropriation", and prophesying the doom of foreign capital in the hands of nations alleged to have no respect for international law or commercial contracts, many developed countries had succeeded in blocking technical and financial assistance, by creating an almost paranoiac fear in their private investors. It was no wonder that the foreign investment funds that some developed countries had established had hardly been used to the benefit of those countries standing greatly in need of them.

33. The report of the Secretary-General (A/8058) was far from comprehensive; his delegation, while commending the Secretary-General for such further informative work, urged him to revise and supplement it with a view to evolving rational methods for promoting harmonious co-operation between the developed and developing countries, so that the latter might derive just and full benefit from their natural resources.

34. By noting the anachronisms currently existing in some foreign-managed enterprises in the capital-starved and technologically weak countries, the report had pinpointed the roots of the evil; in view of that, he was surprised to read, in the same report, that the Governments of the developed countries had adopted a positive attitude towards the transfer of capital, which, as he had just stated, was hardly consistent with the truth.

35. The developed countries would do well to note the conclusion arrived at by the Secretary-General in paragraph

- 33 of his report, namely, that national pride and foreign economic assistance were not necessarily incompatible. National priorities and foreign capital investment could be reconciled, and all that the developing countries asked of their partners was that they should respect their sovereignty. There should be nothing to prevent the establishment of mixed enterprises, and it was hard to see how similar schemes would be suggestive of a bad economic climate for foreign investors. Moreover, the developing countries had subscribed to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States.
36. Under its reformed structure UNDP would be expected to provide increased multilateral assistance as bilateral assistance declined because of discrimination by the developed countries. The United Nations could do much to remedy the defects of the present system by continuing to compile information on the regulations governing foreign investment in the exploitation of the natural resources of the developing countries. It might be advisable to establish an information agency which potential investors could use instead of relying on the financial press of the financial capitals of the world, which was very often irresponsible.
37. The United Nations could play an effective role as mediator in the conflict between the developing countries and foreign investors. The International Finance Corporation might also make a more positive contribution by encouraging local enterprises in the developing countries. Furthermore, his Government urged IBRD to proceed apace with the preparation of a multilateral scheme of insurance in which the smaller countries could participate on a world-wide basis. He also urged the United Nations system to provide advice and assistance, technical or otherwise, to any regional group of countries which might indicate a willingness to make an integrated effort to achieve the optimal utilization of their common natural resources.
38. His Government was willing to support any reasonable and harmonious arrangement designed to ensure that the external components of the development process furthered the national objectives of the developing countries.
39. Mr. BOUKLI-HASSEN (Algeria) said that he wished to emphasize one fundamental principle, namely, that sovereignty over natural resources should be exercised at all levels of their exploitation. Such sovereignty constituted the best means of ensuring that the natural resources were utilized to good advantage.
40. In his delegation's opinion, the section of the report (see A/8058, chap. I, sect. B) dealing with the use of foreign capital and technology for the exploitation of natural resources was of considerable interest, but information on the benefits obtained by the foreign companies investing such capital would also be of value. The Committee would thus be able to appraise the volume of capital invested and the benefits accruing to both investors and host countries.
41. With regard to the bilateral agreements concluded between investors and host countries, his delegation would like the information given in paragraphs 138 to 151 of the report of the Secretary-General on the bilateral agreement concerning hydrocarbons and the industrial development of Algeria to be supplemented in the light of the current negotiations. For his country, the purpose of the new negotiations was to preserve its interests in its natural resources while remunerating the investor and paying for his technology at a fair price and, at the same time, making maximum use of his resources for an effective industrialization of the country. The benefits which developing countries derived from the technology introduced by investors could be durable and beneficial only in so far as commitments to train nationals of the host country, for which provision was generally made in the agreements, were respected by investors. That would make it possible, *inter alia*, to reduce substantially the outflow of trained personnel. The same applied to re-investment in the host country of part of the profits derived from the export of commodities. His delegation also wished to emphasize the need for the commodity-exporting developing countries to organize themselves into associations of countries exporting the same commodity and to agree on common pricing policies to ensure that their profits were not reduced to the bare minimum as a result of price fixing by groups of companies acting in concert. In that connexion his delegation endorsed the views expressed by the Government of Jamaica in paragraph 116 of the report. The function of the agency whose establishment was proposed in that paragraph would primarily be to co-ordinate the efforts of the Governments concerned with a view to harmonizing their policies on the exploitation of their natural resources for the purpose of promoting the economic development of their respective countries.
42. If the terms of trade of the developing countries were to be improved, an effort would first of all have to be made to eliminate excessive price fluctuations, to increase as far as possible export earnings from commodities, and to maintain and increase the purchasing power of the developing countries; those aims could be attained by the developing countries only through full and complete sovereignty over their natural resources.
43. He reserved the right to comment on draft resolution A/C.2/L.1136 at a later stage.
44. Mr. MATSEBULA (Swaziland) considered that natural resources were the exclusive property of the country in which they were to be found. When, as had happened under the colonial régimes, such resources were owned by private individuals, the distribution of the income derived from their exploitation was not satisfactory to the community. In his delegation's view, natural resources should be exploited in the economic and social interests of the people and country to which they belonged.
45. The distrust existing between developing countries and foreign investors proved that the exploitation of natural resources had thus far been unsatisfactory. The developing countries needed all the assets with which their natural resources could provide them in order to bring about an improved distribution of wealth, to increase employment opportunities, and to raise the standard of living of their peoples. However, that was extremely difficult when their natural resources belonged to foreigners. Foreign compa-

nies, which had capital, technology, managerial expertise and market outlets, were distrustful of what they called the immature political leadership of the developing countries. Nevertheless, it should be possible to reconcile the interests of foreign investors with the priorities of the national development programmes of the host countries, and the Governments of those countries could play an important role in devising a policy designed to achieve an improved distribution of the profits.

46. Two factors prevented the developing countries from exercising permanent sovereignty over their natural resources. The first was the exclusive granting of concessions, particularly for the exploitation of minerals. Such concessions were granted to foreign companies without any provision being made for participation by

nationals of the countries concerned. In other cases, the laws and regulations governing the grant of concessions were not clear as to how far they could benefit the countries owning the resources. In yet other cases, long-term concessions were granted without even recourse to legal advice; in his country such a serious situation had persisted for a long time. The second factor was the lack of trained national manpower. Because of the lack of funds and of planned education the problem could not be solved overnight; the independent developing countries had undertaken to train their own manpower, but time was not on their side and the future was not as promising as they wished.

The meeting rose at 1 p.m.