



163

165

164

APR 166 1967

**UNITED NATIONS CONFERENCE  
ON TRADE AND DEVELOPMENT**

---

**REPORT  
OF THE  
TRADE AND DEVELOPMENT BOARD**

**31 October 1965—24 September 1966**

**GENERAL ASSEMBLY**

**OFFICIAL RECORDS : TWENTY-FIRST SESSION**

**SUPPLEMENT No. 15 (A/6315/Rev.1)**

**UNITED NATIONS**

**UNITED NATIONS CONFERENCE  
ON TRADE AND DEVELOPMENT**

---

**REPORT  
OF THE  
TRADE AND DEVELOPMENT BOARD**

**31 October 1965 – 24 September 1966**

**GENERAL ASSEMBLY**  
OFFICIAL RECORDS : TWENTY-FIRST SESSION  
SUPPLEMENT No. 15 (A/6315/Rev.1)



**UNITED NATIONS**  
*New York, 1967*

## NOTE

### SYMBOLS

All United Nations documents are designated by symbols composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document. The documents of the United Nations Conference on Trade and Development, the Trade and Development Board and its subsidiary bodies are identified as follows:

Trade and Development Board .....	TD/B/-
Sessional committees of the Board .....	TD/B/SC.-/-
Committee on Commodities .....	TD/B/C.1/-
Committee on Manufactures .....	TD/B/C.2/-
Committee on Invisibles and Financing related to Trade .....	TD/B/C.3/-
Committee on Shipping .....	TD/B/C.4/-
Special Committee on Preferences .....	TD/B/AC.1/-
Information series of the Board .....	TD/B/INF.-
First session of the United Nations Conference on Trade and Development .....	E/CONF.46/-

### SUMMARY RECORDS

The summary records of the debates which took place in the plenary meetings of the Board are printed in fascicle form, as part of the *Official Records of the Trade and Development Board* for the relevant session.

For each session of the Board, there is also issued a prefatory fascicle containing: a table of contents of the printed summary records of the Board; a list of delegations and observers attending the session; the agenda of the session, as adopted; and a check list of documents pertaining to the agenda of the session, indicating where they may be found.

The summary records of the debates in the committees of the Board, which are issued in mimeograph form only, are referred to by symbol of the committee (see above) combined with the letters "SR".

### ANNEXES

The texts of documents selected for inclusion in the printed records of the relevant session of the Board are issued as annexes to the *Official Records*. They are printed in fascicles pertaining to the relevant agenda item.

### RESOLUTIONS AND DECISIONS

Symbols referring to resolutions and decisions of the Trade and Development Board consist of an arabic numeral, indicating the serial number of the resolution or decision, and a roman numeral in parentheses, indicating the number of the session at which the action was taken.

### SUPPLEMENTS

The *Official Records* also include numbered supplements, consisting of the resolutions and decisions of the Board and the reports of certain subsidiary organs of the Board. A list of supplements to the third and fourth sessions is given below:

#### Third session

Supplement No.	Document No.
1. Resolutions and decisions adopted by the Board at its third session .....	TD/B/74
2. Report of the Committee on Shipping on its first session .....	TD/B/36/Rev.1- TD/B/C.4/6/ Rev.1
3. Report of the Committee on Invisibles and Financing related to Trade on the first part of its first session .....	TD/B/42/Rev.1- TD/B/C.3/15/Rev.1
4. Report of the Committee on Invisibles and Financing related to Trade on its first special session .....	TD/B/57/Rev.1- TD/B/C.3/18/Rev.1

#### Fourth session

1. Resolutions and decisions adopted by the Board at its fourth session .....	TD/B/110
2. Report of the Committee on Manufactures on its resumed first session .....	TD/B/69/Rev.1- TD/B/C.2/14/Rev.1
3. Report of the Committee on Invisibles and Financing related to Trade on its resumed first session .....	TD/B/73/Rev.1- TD/B/C.3/22/Rev.1
4. Report of the Committee on Shipping on its first special session .....	TD/B/83/Rev.1- TD/B/C.4/16/Rev.1

# CONTENTS

ABBREVIATIONS .....	Page vi
INTRODUCTION .....	1

## *Part One. Report of the Trade and Development Board on its third session*

Chapter	Paragraphs	
I. REVIEW OF THE IMPLEMENTATION OF THE RECOMMENDATIONS OF THE CONFERENCE .....	1-13	5
II. PROBLEMS ARISING IN TRADE RELATIONS BETWEEN COUNTRIES HAVING DIFFERENT ECONOMIC AND SOCIAL SYSTEMS.....	14-15	7
III. STEPS TO BE TAKEN TO ACHIEVE AGREEMENT ON PRINCIPLES GOVERNING INTERNATIONAL TRADE RELATIONS AND TRADE POLICIES CONDUCTIVE TO DEVELOPMENT .....	16-24	8
IV. PROGRESS REPORT BY THE SECRETARY-GENERAL OF THE CONFERENCE IN CONNEXION WITH THE ASSESSMENT OF THE FEASIBILITY OF ACHIEVING HIGHER RATES OF GROWTH .....	25	10
V. CONSIDERATION OF THE RESULTS OF THE UNITED NATIONS CONFERENCE ON TRANSIT TRADE OF LAND-LOCKED COUNTRIES .....	26-30	11
VI. REPORT OF THE COMMITTEE ON SHIPPING .....	31-34	12
VII. REPORT OF THE COMMITTEE ON INVISIBLES AND FINANCING RELATED TO TRADE, INCLUDING REPORT OF THE EXPERT GROUP ON INTERNATIONAL MONETARY ISSUES .....	35-64	13
VIII. REPORT OF THE COMMITTEE ON MANUFACTURES .....	65-76	17
IX. CONSIDERATION OF THE REPORT OF WORKING PARTY 1 (PRICES AND QUOTAS) OF THE UNITED NATIONS COCOA CONFERENCE .....	77-86	19
X. PREPARATION FOR THE SECOND SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT .....	87-98	20
XI. DESIGNATION OF NON-GOVERNMENTAL ORGANIZATIONS FOR THE PURPOSE OF RULE 79 OF THE RULES OF PROCEDURE .....	99-100	22
XII. FUTURE WORK		
1. Organization of the work of the Board .....	101-108	23
2. Provisional agenda for the fourth session of the Board .....	109-111	23
3. Review of the calendar of meetings .....	112-115	24
4. Report of the Secretary-General of the Conference on the implementation of resolution 22 (S-I) of the Board on the location of the secretariat of the Conference .....	116-123	24
XIII. ORGANIZATIONAL MATTERS		
1. Opening of the session .....	124-125	25
2. Election of officers .....	126-128	25
3. Adoption of the agenda .....	129	25
4. Membership and attendance .....	130-134	25
5. Adoption of the report on credentials .....	135	26
6. Organization of the work of the third session of the Board ....	136-138	26
7. Election of members of subsidiary bodies .....	139-152	26
(a) Elections to membership of committees .....	140-147	26
(b) Appointment of the members of the Advisory Committee to the Board and to the Committee on Commodities .....	148-152	27

# CONTENTS (continued)

<i>Chapter</i>	<i>Paragraphs</i>	<i>Page</i>
8. Decision concerning a subsidiary body of the Board .....	153	28
9. Financial implications of the actions of the Board .....	154-158	28
10. Other business .....	159	28
11. Adoption of the report of the Board on its third session .....	160	28
12. Closure of the session .....	161	28
 <i>ANNEXES</i> 		
A. Resolutions and decisions of the Board at its third session .....		29
B. Membership of committees of the Board .....		33
 <b><i>Part Two. Report of the Trade and Development Board on its fourth session</i></b> 		
I. REVIEW OF THE IMPLEMENTATION OF THE RECOMMENDATIONS OF THE CONFERENCE .....	1-46	37
II. SECOND SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT: OBJECTIVES, AGENDA AND PROGRAMME OF PREPA- RATORY WORK .....	47-78	43
III. PROBLEMS ARISING IN TRADE RELATIONS BETWEEN COUNTRIES HAVING DIFFERENT ECONOMIC AND SOCIAL SYSTEMS .....	79-88	47
IV. STEPS TO BE TAKEN TO ACHIEVE AGREEMENT ON PRINCIPLES GOVERNING INTERNATIONAL TRADE RELATIONS AND TRADE POLICIES CONDUCIVE TO DEVELOPMENT .....	89-93	48
V. TRADE EXPANSION, ECONOMIC CO-OPERATION AND INTEGRATION AMONG DEVELOPING COUNTRIES .....	94-100	49
VI. REPORT ON THE UNITED NATIONS COCOA CONFERENCE .....	101-110	50
VII. REPORT OF THE COMMITTEE ON MANUFACTURES AND REPORT OF THE GROUP ON PREFERENCES .....	111-137	51
VIII. REPORT OF THE COMMITTEE ON INVISIBLES AND FINANCING RELATED TO TRADE .....	138-149	54
IX. REPORT OF THE COMMITTEE ON SHIPPING .....	150-157	56
X. DESIGNATION OF NON-GOVERNMENTAL ORGANIZATIONS FOR THE PUR- POSE OF RULE 79 OF THE RULES OF PROCEDURE .....	158-161	57
XI. OTHER BUSINESS		
1. Designation of inter-governmental bodies under rule 78 of the rules of procedure .....	162-164	58
2. Implementation of resolution 22 (S-I) of the Board on the location of the secretariat of the Conference .....	165	58
3. Consideration of steps to be taken for progressive development in the field of private international law with a particular view to promoting international trade .....	166-171	58
4. United Nations technical assistance activities in trade and related fields .....	172-178	59
XII. ORGANIZATIONAL MATTERS		
1. Opening of the session .....	179-182	61
2. Officers .....	183-184	61
3. Adoption of the agenda .....	185	61
4. Membership and attendance .....	186-191	61
5. Adoption of the report on credentials .....	192	62
6. Organization of the work of the fourth session of the Board ....	193-194	62
7. Treatment of Guyana for the purpose of elections to subsidiary bodies .....	195	62
8. Election to membership of committees .....	196-201	62
9. Provisional agenda for the fifth session of the Board .....	202-204	63
10. Review of the calendar of meetings .....	205-208	63

## CONTENTS (*continued*)

<i>Chapter</i>	<i>Paragraphs</i>	<i>Page</i>
11. Financial implications of the actions of the Board .....	209-218	63
12. Adoption of the report of the Board to the General Assembly ..	219	64
13. Closure of the session .....	220	64

### ANNEXES

A. Resolutions and decisions of the Board .....	65
B. Negotiation of a cocoa agreement: text of a joint declaration submitted by the developing countries members of the Board at the 108th plenary meeting on 17 September 1966 .....	70
C. Statement made by the Secretary-General of the Conference at the 93rd plenary meeting of the Board on 31 August 1966 .....	71
D. Membership of committees of the Board .....	77

### ***ABBREVIATIONS***

ACABQ	Advisory Committee on Administrative and Budgetary Questions
ECA	Economic Commission for Africa
ECAFE	Economic Commission for Asia and the Far East
ECE	Economic Commission for Europe
ECLA	Economic Commission for Latin America
GATT	General Agreement on Tariffs and Trade
OECD	Organization for Economic Co-operation and Development
UNCTAD	United Nations Conference on Trade and Development

## **INTRODUCTION**

The present report, the second annual report of the Trade and Development Board of the United Nations Conference on Trade and Development, is submitted to the General Assembly in accordance with Assembly resolution 1995 (XIX) of 30 December 1964.

The Board adopted the present report at its 118th plenary meeting on 24 September 1966. The report covers the period which has elapsed since 30 October 1965, and consists of the reports on its third and fourth sessions. The third session of the Board was held at United Nations Headquarters from 25 January to 17 February 1966 and the fourth session was held at the Palais des Nations, Geneva, from 30 August to 24 September 1966.



**Part One**

**REPORT OF THE TRADE AND DEVELOPMENT BOARD  
ON ITS THIRD SESSION**

*Held at United Nations Headquarters from 25 January  
to 17 February 1966*



## Chapter I

# REVIEW OF THE IMPLEMENTATION OF THE RECOMMENDATIONS OF THE CONFERENCE

### *(Agenda item 4)*

1. Introducing item 4 of the agenda, "Review of the implementation of the recommendations of the Conference", the representative of the Secretary-General of UNCTAD said that as from the fourth session of the Board the procedure described in the Board's resolution 19 (II) would come into effect. In that resolution the Board had asked the Secretary-General to prepare annually a report on international trade and development which would serve as a background document for the Board's review and assessment of the implementation of the recommendations. The Secretary-General, after considering the relevant information available in the regional economic commissions, the specialized agencies of the United Nations, inter-governmental bodies dealing with matters of trade and development and other appropriate international organizations, had come to the conclusion that the information would have to come in the main directly from Governments. Accordingly, a request for information would shortly be sent to the Governments of States members of UNCTAD. Since the contents of the report would depend largely on the replies received in response to that request, it was hoped that the fullest possible information would be provided in accordance with the objectives of resolution 19 (II).

2. It was recognized that a full discussion of the question of the implementation of the recommendations would take place at the fourth session of the Board on the basis of the Secretary-General's report on the matter.

3. Assurances were given by all delegations participating in the discussion that the Secretary-General could count on the co-operation of their Governments in all reasonable ways. It was suggested that, if the Secretary-General should consider that the information received from Governments ought to be supplemented by direct contacts, he should be free to send members of his staff to national capitals. It was also suggested that the Secretary-General might prepare self-contained documents giving information relevant to the work of the Board's subsidiary bodies to guide them in their work.

4. During the discussion a number of representatives referred to recent events and trends affecting international trade and economic development, including discussions in other international institutions, and described steps taken to give effect to recommendations adopted at the first session of the Conference.<sup>1</sup> In particular, a number of representatives referred to action which had been taken or which was contemplated with a view to promoting trade between the developing and the developed countries, trade among the developing coun-

tries, and trade between countries having different economic systems, in the light of the recommendations adopted by the Conference at its first session in 1964.

5. Many representatives, in their statements on item 4, took the opportunity to express views on a number of other items of the agenda, including items 6, 7, 8, 9, 11, 12, 20 and 22. These views are reflected in the pertinent sections of this report (see chapters II, III, IV, VII, VIII, IX, X and XII below).

6. Some representatives expressed the hope that the programme of work of UNCTAD would include the question of the technical training of specialists in foreign trade.

7. Addressing themselves to the item under discussion, representatives of several developed countries pointed out that a great deal has been happening in the world that would not have happened but for the existence of UNCTAD. A wide range of issues concerning trade and development had been thrown open to examination. The main task now was to ensure that the work in progress and some of the studies undertaken would be completed in time for some results to materialize by 1967, when the Conference would hold its second session.

8. Representatives of developing countries expressed disappointment that not more progress had been made in the implementation of the recommendations of the first session of the Conference. Many of the matters dealt with in the 1964 recommendations remained merely the subject of study. In their view the efforts of some countries members of UNCTAD had not resulted in any significant practical achievement of benefit to the developing countries. In this connexion it was also stated that the recommendation concerning standards was not being observed in all cases. Greater emphasis should be placed on practical action in the form, for example, of agreements dealing with primary commodities, manufactures and financial aid.

9. The hope was expressed by the delegations of some developing countries that the Governments of the developed countries would be able to give further thought, in the light of recent discussions, to the recommendations contained in the Final Act and to take helpful policy decisions in time for incorporation in the Secretary-General's report, so that when the report was considered at the fourth session, the Board would be able to address itself to its work with greater confidence and faith in the future.

10. Representatives of the socialist countries of Eastern Europe pointed out that, in accordance with the recommendations of the Conference, their countries continued consistently to adhere to the policy aimed at the expansion and strengthening of trade and economic co-operation with other countries. They informed the

<sup>1</sup> For a fuller account of the debates see the relevant records of the Board's proceedings (TD/B/SR.62, 63, 65 and 67).

Board about the development of the foreign trade of their countries in general and of their trade with developing countries in particular. They also declared that in their trade relations their countries strictly adhered to the "Principles governing international trade relations and trade policies conducive to development" adopted by the Conference.

11. A number of representatives stated that in the period which had elapsed since 1964 a great deal had been done to organize the work of the Conference and its subsidiary bodies. While therefore organizational matters had been dealt with, concrete and substantial action was needed to carry into effect the recommendations adopted in 1964.

12. Some delegations pointed out that the implementation of the recommendations of the 1964 Conference was a long process requiring continuous efforts and concerted international action. Success or failure in the achievement of the purposes of UNCTAD would largely depend on the extent to which its recommendations were implemented. The Board's decision to review and assess annually the progress made in the implementation of the Conference recommendations was therefore considered fundamental to the task of the Board. In that connexion reference was made to General Assembly resolution 2085 (XX), operative paragraph 8 of which "calls upon the Governments of the States members of the Conference to continue to examine their policies and to take actions, jointly or separately as may be feasible, in the light of the Final Act of the Conference, with a view to implementing the recommendations of

the Conference in the various fields of their national and international programmes".

13. The Board took note of the report concerning the co-ordination of the activities of UNCTAD with other bodies in the field of trade and development, prepared by the Secretary-General of UNCTAD in accordance with paragraph 7 of resolution 19 (II) (TD/B/41). In this connexion, many representatives expressed satisfaction with the arrangements already made both at the inter-governmental and at the Secretariat levels with a view to establishing adequate links and relations with the specialized agencies and the International Atomic Energy Agency (IAEA), with other inter-governmental bodies and with non-governmental organizations concerned with matters of trade and with trade as related to development. A number of these bodies had already provided valuable assistance to UNCTAD, and several joint studies and projects were in progress. Inasmuch as a comprehensive appraisal of co-ordinating arrangements was premature, it was stressed that such arrangements should be pursued and relations with inter-governmental and non-governmental bodies strengthened, in the spirit of General Assembly resolution 1995 (XIX). The representative of the Food and Agriculture Organization of the United Nations (FAO) indicated that his organization concurred with the views expressed by the Secretary-General of UNCTAD in the report and noted that existing arrangements for co-operation between UNCTAD and FAO had proved effective and would be further developed and improved.

## Chapter II

### PROBLEMS ARISING IN TRADE RELATIONS BETWEEN COUNTRIES HAVING DIFFERENT ECONOMIC AND SOCIAL SYSTEMS

#### *(Agenda item 8)*

14. At this session the Board considered this item, which had been deferred by a decision taken at the second session.<sup>2</sup> Various opinions were expressed concerning particular aspects of trade between countries having different economic and social systems.

15. The Board agreed to summarize its discussion and further action on this item as follows:

The Board discussed the role of UNCTAD in dealing with problems arising in trade between countries having different economic and social systems.

The Board had before it the note of the Secretary-General of UNCTAD on "Problems arising in trade relations between countries having different economic and social systems" (TD/B/48 and Corr.1) and the draft resolution (TD/B/L.41/Rev.2) presented on this issue by delegations of Czechoslovakia, Hungary, Poland and the USSR.

Unanimous agreement on this draft resolution was not reached by the Board at its third session. In the light of General Assembly resolutions 1995 (XIX) and 2085 (XX), the Board agreed, however, to request the Secretary-General to prepare periodically, for consideration by the Board and the Conference, reports on the problems of trade between countries having different economic and social systems including problems of "East-West" trade, paying attention in particular to the trade interests of developing countries and taking into account the work in this field of other United Nations organs, including the regional economic commissions.

---

<sup>2</sup> *Official Records of the General Assembly, Twentieth Session, Supplement No. 15 (A/6023/Rev.1), part Two, para. 36.*

## Chapter III

### STEPS TO BE TAKEN TO ACHIEVE AGREEMENT ON PRINCIPLES GOVERNING INTERNATIONAL TRADE RELATIONS AND TRADE POLICIES CONDUCTIVE TO DEVELOPMENT

(See annexes A.I.1, A.I.2 and A.I.3 of the Final Act of UNCTAD, 1964)

#### (Agenda item 9)

16. By a decision taken by the Board at its second session<sup>8</sup> this item was referred to the third session.

17. During the discussion on this item at the third session many delegations expressed the view that the principles governing international trade relations adopted by the Conference had an important role within UNCTAD's activities. The attitudes of Governments towards efforts to achieve the broadest possible measure of agreement on principles at the earliest possible moment were more precisely defined (see annexes A.I.1, A.I.2 and A.I.3 of the Final Act).

18. The representatives of the developing countries reaffirmed the importance they attached to the principles adopted by the Conference and confirmed their readiness to implement them. They expressed the hope that the Governments of countries which had voted against certain of the principles, or had abstained in the vote or had entered reservations thereto would move towards the full acceptance and implementation of the principles. It was suggested that the secretariat should seek the views of these Governments on the principles in question.

19. The representatives of the developed market economy countries considered it impossible to arrive at unanimity on the existing text of the principles. They illustrated their view that the principles were lacking in coherence, inner balance and logical sequence and did not cover all important issues. For this reason they considered that the principles as enunciated should be revised and redrafted in generally acceptable terms. While the principles adopted by the Conference might be taken as a starting point, this revision should not be based on those principles only, and Governments should be invited to express their opinions not merely on particular principles but also on the whole approach towards working out a new generally acceptable set of principles.

20. The representatives of the socialist countries of Eastern Europe said that for the first time in the history of international economic relations principles had been formulated setting forth the conditions for the normalization and restructuring of international trade and defining the rules which should be observed in economic relations between countries. In this connexion General Assembly resolution 1942 (XVIII), which underlined the importance and the necessity of the elaboration of a "Declaration on principles governing international economic relations", was mentioned. They considered that the Governments of countries which had voted against certain of the principles or had abstained in the vote or had entered reservations thereto, should, before the

second session of the Conference, modify their position so as to achieve a rapprochement with the majority of the States members of UNCTAD in this regard.

21. The representatives of many countries expressed reservations concerning any proposal for the systematic revision of the principles.

22. The Board discussed the ways in which steps might be taken to achieve agreement on principles governing international trade relations and trade policies conducive to development with references to annexes A.I.1, A.I.2 and A.I.3 of the Final Act of UNCTAD, 1964.

23. In this connexion, the Board had before it the following draft resolutions proposed by the group of developing countries and the socialist countries of Eastern Europe (TD/B/L.74 and L.48 respectively):

**"Steps to be taken to achieve agreement on principles governing international trade relations and trade policies conducive to development (see annexes A.I.1, A.I.2 and A.I.3 of the Final Act of UNCTAD, 1964)"**

"AFGHANISTAN, ARGENTINA, BOLIVIA, BRAZIL, CAMEROON, CEYLON, CHILE, DEMOCRATIC REPUBLIC OF THE CONGO, DAHOMEY, ECUADOR, EL SALVADOR, ETHIOPIA, GHANA, GUINEA, HONDURAS, INDIA, IRAN, IRAQ, LEBANON, MADAGASCAR, MALI, MEXICO, MOROCCO, NIGERIA, PAKISTAN, PHILIPPINES, UNITED ARAB REPUBLIC, UNITED REPUBLIC OF TANZANIA, URUGUAY, YUGOSLAVIA: JOINT DRAFT RESOLUTION

*"The Trade and Development Board,*

*"Recalling that the first session of the United Nations Conference on Trade and Development has adopted principles governing international trade relations and trade policies conducive to development,*

*"Recognizing the necessity for the implementation of the recommendations of the Conference contained in annex A.I.3 of the Final Act,*

*"Recalling also its resolution 13 (I) on the programme of work,*

*"Noting with satisfaction the provision contained in operative paragraph 9 of General Assembly resolution 2085 (XX) which calls upon Governments of States members of the Conference to exert maximum efforts with a view to reaching, at the earliest possible moment, the broadest measure of agreement on principles and policies,*

*"1. Calls upon those Governments of States members of the Conference to inform the Secretary-General of the Conference of their present position on each of the principles against which they voted, or on which they abstained or entered reservations at the Conference;*

*"2. Further calls upon the Governments of States members of the Conference to inform the Secretary-General of their views on steps to be taken to achieve the broadest possible measure of agreement at the earliest possible moment, on the principles in question;*

<sup>8</sup> *Ibid.*, para. 23.

"3. *Requests* the Secretary-General of the Conference to draw up a report, based on the replies received from the Governments of States members of the Conference, as mentioned in operative paragraphs 1 and 2 above, and on the records of the first session of UNCTAD;

"4. *Recommends* that, in the light of this report, the Board, at its fourth session, make arrangements for the further consideration of this matter."

**"Steps to be taken to achieve agreement on a set of principles**

**"HUNGARY, POLAND AND THE UNION OF SOVIET SOCIALIST REPUBLICS: JOINT DRAFT RESOLUTION**

*"The Trade and Development Board,*

*"Recognizing* the necessity for the speediest implementation of the recommendations of the United Nations Conference on Trade and Development, contained in annex A.I.3 of the Final Act of UNCTAD and in its own resolution 13 (I), on principles governing international trade relations and trade policies conducive to development,

*"Calls upon* those Governments of countries members of the Conference which entered in the Final Act of UNCTAD reservations in respect of individual principles governing international trade relations and trade policies conducive to development, to inform the Secretary-General of the Conference of their present position on each of the principles against which they voted, or on which they abstained, at the Conference; and

*"Requests* the Secretary-General of the Conference to draw up a report, based on the replies received from the Governments of countries members of the Conference mentioned above, on the measures which need to be taken to achieve the greatest possible degree of agreement on the principles in question in the shortest possible time, for consideration at the Board's third session."

24. The socialist countries of Eastern Europe supported the draft resolution of the developing countries. After the Board had considered the draft resolution (TD/B/L.74), the sponsors requested that a vote on it be deferred until the fourth session of the Board. It was so decided.

## **Chapter IV**

### **PROGRESS REPORT BY THE SECRETARY-GENERAL OF THE CONFERENCE IN CONNEXION WITH THE ASSESSMENT OF THE FEASIBILITY OF ACHIEVING HIGHER RATES OF GROWTH**

#### ***(Agenda item 11)***

25. The Board discussed this item in conjunction with item 6; an account of this discussion is given in chapter VII below.

## Chapter V

### CONSIDERATION OF THE RESULTS OF THE UNITED NATIONS CONFERENCE ON TRANSIT TRADE OF LAND-LOCKED COUNTRIES

#### *(Agenda item 10)*

26. This item was referred to the Sessional Committee for consideration and report (see also chapter XIII below).

#### DELIBERATIONS IN THE SESSIONAL COMMITTEE

27. The Sessional Committee had before it a note by the secretariat concerning the United Nations Conference of Plenipotentiaries on Transit Trade of Land-locked Countries, 1965 (TD/B/18) and a note by the Secretary-General indicating the present position of the Convention on Transit Trade of Land-locked Countries adopted by that Conference (TD/B/50).

28. All the representatives participating in the debate considered that the Convention was a positive instrument for dealing with the special problems encountered by land-locked countries in their trade relations and a constructive step towards the attainment of the objective of UNCTAD of liberalizing international trade. They stressed that the Conference of Plenipotentiaries had made a useful contribution to the development of trade and had, among other things, devised machinery for the settlement of international disputes. They hoped, therefore, that the Convention would receive at least the required number of ratifications and so enter into force. Some delegations stated, from a more general point of view, that the Convention was the first instrument concluded under the auspices of UNCTAD in accordance with traditional procedures for international negotiation.

29. The Sessional Committee agreed unanimously to recommend that the Board take note of the report of the United Nations Conference on Transit Trade of Land-locked Countries, and of the Final Act and the two resolutions adopted by that Conference (TD/TRANSIT/10/Add.1).

#### ACTION BY THE BOARD

30. At its 78th meeting on 10 February 1966 the Board, endorsing the Sessional Committee's recommendation, took note of the report, Final Act and the two resolutions adopted by the United Nations Conference on Transit Trade of Land-locked Countries.

## **Chapter VI**

### **REPORT OF THE COMMITTEE ON SHIPPING**

#### ***(Agenda item 5)***

31. This item was referred to the Sessional Committee for consideration and report (see also chapter XIII below).

#### **DELIBERATIONS IN THE SESSIONAL COMMITTEE**

32. In the Sessional Committee the report of the Committee on Shipping on its first session (TD/B/36) was introduced by its Chairman, Mr. C. H. J. Amaratunga (Ceylon). The Sessional Committee unanimously agreed to recommend that the Board should take note of the report and approve the rules of procedure proposed by the Committee on Shipping, and decided to transmit to the Board a statement concerning the financial implications of the proposed activities in the field of shipping (TD/B/36/Add.1).

33. A representative of the Under-Secretary for Economic and Social Affairs of the United Nations made a statement describing some of the activities of his Department, the regional economic commissions and the United Nations Development Programme, related to the work of the Committee on Shipping (TD/B/SC.4/1). These activities include training and seminars, surveys of new ports and projects for improving existing port facilities, hydrographic surveys of coastal waters and projects to promote the co-ordinated development of the entire infra-structure of the transport system of the countries studied. The Sessional Committee took note of this statement.

#### **ACTION BY THE BOARD**

34. At its 77th meeting on 10 February 1966 the Board took note of the report of the Committee on Shipping and approved the Committee's proposed rules of procedure and programme of work.

## Chapter VII

### REPORT OF THE COMMITTEE ON INVISIBLES AND FINANCING RELATED TO TRADE, INCLUDING REPORT OF THE EXPERT GROUP ON INTERNATIONAL MONETARY ISSUES

#### (Agenda item 6)<sup>4</sup>

35. Parts I (Invisibles) and III (Rules of procedure) of the report of the Committee on Invisibles and Financing related to Trade (TD/B/42) were referred to the Sessional Committee for consideration and report (see also chapter XIII below).

#### DELIBERATIONS IN THE SESSIONAL COMMITTEE

36. In the Sessional Committee, parts I and III of the report of the Committee on Invisibles and Financing related to Trade on the first part of its first session (TD/B/42), including the proposed rules of procedure, the Committee's terms of reference and its programme of work in the field of invisibles, were introduced by its Chairman, Mr. J. Everts (Netherlands). The Sessional Committee agreed unanimously to recommend that the Board note these sections of the report and approve the Committee's proposed rules of procedure and its programme of work in the field of invisibles. In this connexion, it decided to transmit to the Board the statement concerning the financial implications of the proposed activities in the field of invisibles and financing related to trade (TD/B/42/Add.1).

37. During the discussion of the report, some delegations noted the importance and benefits of tourism in the process of development and expressed the hope that measures would be taken to expand tourism in the developing countries. In this connexion, it was suggested that the country studies envisaged in the work programme of the UNCTAD secretariat would be helpful and could in due course cover developing countries at different stages of economic development and some developed countries with extensive experience in tourism.

#### ACTION BY THE BOARD

38. At its 77th meeting on 10 February 1966 the Board took note of parts I and III of the report of the Committee on Invisibles and Financing related to Trade and approved the Committee's proposed rules of procedure and its programme of work in the field of invisibles.

#### DELIBERATIONS IN PLENARY MEETINGS OF THE BOARD ON FINANCING RELATED TO TRADE, INCLUDING THE REPORT OF THE EXPERT GROUP ON INTERNATIONAL MONETARY ISSUES, AND RATES OF GROWTH (AGENDA ITEMS 6 AND 11)

39. Part II (Financing related to trade) of the report of the Committee on Invisibles and Financing

<sup>4</sup> As explained in chapter XIII below, the Board decided to consider agenda item 11 in conjunction with item 6. For an account of the Board's deliberations see paragraphs 39 to 64 below.

related to Trade on the first part of its first session (TD/B/42 and Add.1) and the report on the Committee's special session (TD/B/57 and Corr.1) were introduced by its Chairman, Mr. J. Everts (Netherlands), who summarized the accomplishments and future activities of the Committee.<sup>5</sup>

40. The Economic Adviser to the President of the International Bank for Reconstruction and Development made a statement summarizing the main features of the study prepared by the Bank staff on supplementary financial measures (TD/B/43) which proposed a scheme for protecting development programmes against unforeseen shortfalls in export earnings from reasonable expectations.<sup>6</sup>

41. The Vice-Chairman of the Expert Group on International Monetary Issues introduced the report of the Group (TD/B/32, United Nations publications, Sales No.: 66.II.D.2).<sup>7</sup>

42. In the course of the Board's discussion of items 6 and 11 of the agenda, which were considered jointly, it was generally agreed that the rates of growth of the developing countries were inadequate. Serious concern was expressed that, instead of the acceleration in the rates of growth which was envisaged for the Development Decade, there had in fact been a decline in these rates in the early 1960s which jeopardized the prospects of achieving the objectives of the Development Decade. Representatives of developing countries said that the fall in these rates of growth was particularly disquieting in view of the population increase, widespread poverty, the declining share of the developing countries in world trade, the rising prices of imports from the industrial countries and the heavy burden of the debt service of many of the developing countries.

43. It was generally emphasized that practical remedies would have to be devised to deal with this serious situation. Representatives of developing countries said that the situation called for immediate action. Furthermore, the idea was expressed that an appropriate methodology should be followed.

44. It was generally agreed that more could be done by both developed and developing countries to strengthen the agricultural and industrial sectors of the developing countries through measures adopted by the former to increase the flow of development aid and technical assistance and by the latter to mobilize more effectively the use of domestic resources. The repre-

<sup>5</sup> The full text of Mr. Everts' statement was circulated as document TD/B/58.

<sup>6</sup> The full text of the statement was circulated as document TD/B/59.

<sup>7</sup> The full text of his statement was circulated as document TD/B/67.

sentative of one developing country stressed that aid for agricultural development should be provided on the easiest possible terms. Representatives of some developed and developing countries noted that the developing countries could benefit from policies of the developed countries to reduce excessive protection of uneconomic domestic industries or agriculture. It was recognized, furthermore, that regional co-operation could help to increase the growth potential of all countries in the region concerned.

45. Representatives of countries with developed market economies stressed the statistical problems involved in the measurement of growth rates and drew attention to the qualitative aspects of growth.

46. Representatives of both developed and developing countries stressed the need for more assistance on concessional terms. In this connexion, the representatives of some developing countries referred to the "Horowitz Proposal"<sup>8</sup> as a concrete means of attaining this objective.

47. The hope was expressed by some delegations that the developed countries would be able to provide for increased developmental assistance in formulating their fiscal or financial policies for the years 1966-67. They also felt that studies should be attempted of "the growth transmission capacity" of developed countries, broadly signifying their capacity, in the sector of trade and finance, to impart expanding growth impulses to less developed areas and to the world economy as a whole. It was widely agreed that developing countries were in need both of increased development finance and of financial resources to counter short-term fluctuations in their balance of payments.

48. Representatives of the developing countries endorsed the conclusions of the Expert Group on International Monetary Issues. They stressed that developing countries had liquidity problems at least as serious as those of the developed countries and that all countries prepared to acquire the rights and to accept the obligations involved should participate both in the discussions and in the decisions concerning any reform of the international monetary system and in the operation of the new monetary arrangements.

49. Representatives of developing countries also considered it of extreme importance that they should share in the creation of any new reserve assets and favoured a link between the creation of such assets and the provision of development finance. Attention was drawn to the "Joint Memorandum on International Liquidity" submitted by the developing countries in which it was stated, *inter alia*, that "no country that wishes to pursue independent economic policies, to provide for continuity in them, and to ensure that they are protected against unforeseen disturbances, can afford to be without adequate reserves" (TD/B/57, annex I, para. 8). These representatives also referred to the need to liberalize access to credit from the International Monetary Fund (IMF) including the compensatory financing facility. The representatives of some developing countries suggested that the co-operation already existing between UNCTAD and the IMF should be strengthened and that the relationship between the two bodies should be formalized and put on a continuous basis.

50. It was widely agreed that the interests of all countries should be taken into account in any reform

of the international monetary system. With a view to facilitating this, it was suggested by one delegation that the Board should set up a small group of technical experts to consult with the IMF and discuss solutions for emerging problems in the field of liquidity which would take into account the interests of both developing and developed countries.

51. Reservations were expressed, however, by representatives of countries with developed market economies concerning the feasibility of linking the creation of new reserve assets to development finance. These representatives also stressed that currencies should meet certain characteristics in order to qualify for use in the reformed system as backing for the new reserve assets. One representative noted the necessity of eliminating the instability in the present gold exchange standard. He pointed out that there was a narrow path between inflation and deflation and that reform of the international monetary system should proceed one step at a time. The representative of another developed market economy country suggested that there should be a link between the creation of new reserve assets and the provision of additional development finance, but that the link should be a relation in time between various measures rather than a functional relation between them.

52. The representatives of several countries with developed market economies stressed the role of the International Monetary Fund in the international monetary system and the contribution it could make to a reform of the system. A similar view was expressed by the representatives of some developing countries.

53. Representatives of the socialist countries of Eastern Europe were of the opinion that, since a reform of the international monetary system affected all countries, the United Nations Conference on Trade and Development, as the most universal international body, should be the central agency in which to consider a reform of the system.

54. It was widely agreed that the basic problems of developing countries could not be solved by monetary reform alone. Measures in trade and other spheres were required as well. The delegations of some developed market economy countries, while sharing the opinion that such other measures were necessary, expressed the view that monetary reform was not appropriate for the solution of these basic problems. The representatives of some developing countries noted the need for measures to improve the terms of trade of developing countries; reference was made in this connexion to the urgent need to find ways of financing buffer stocks.

55. With regard to the Bank staff study on supplementary financial measures, a large number of delegations welcomed the report but wished to withhold substantive comment since the Committee on Invisibles and Financing related to Trade would be dealing with this matter at its resumed first session. The representatives of some developing countries suggested that the scheme for supplementary financing should take into account unforeseen factors beyond the control of developing countries other than shortfalls in export earnings which would disrupt their development programmes. The representative of one developing country thought that the administering agency would be overburdened by any attempt to examine the policies and programmes of every country and suggested that the agency rely upon regional development banks for advice in this field. The representative of another developing country expressed apprehension that the "policy package" envisaged by

<sup>8</sup> Proposal submitted at the first session of the Conference (1964) as document E/CONF.46/C.3/2.

the Bank staff study would interfere with a country's ability to follow its own policies. It was also pointed out that recommendation A.IV.18 had envisaged supplementary financing on International Development Association (IDA) terms.

#### ACTION BY THE BOARD

56. At its 77th meeting on 10 February 1966 the Board took note of part II (Financing related to trade) of the report of the Committee on Invisibles and Financing related to Trade on the first part of its first session (TD/B/42) and approved the Committee's proposed programme in the field of financing.

57. At the same meeting the Board took note of that Committee's report on its special session (TD/B/57 and Corr.1 and 2) and approved the recommendation in paragraph 21 (b) of that report that the documents there referred to should be transmitted to the international monetary institutions for their due consideration.

58. At its 89th plenary meeting on 16 February 1966 a draft resolution entitled "Compensatory credit system of the International Monetary Fund" (TD/B/L.84) was introduced by the representative of Chile on behalf of the sponsors (Afghanistan, Argentina, Bolivia, Brazil, Cameroon, Ceylon, Chile, Congo (Democratic Republic of), Dahomey, Ecuador, El Salvador, Ethiopia, Ghana, Guinea, Honduras, India, Iran, Iraq, Lebanon, Madagascar, Mali, Mexico, Morocco, Nigeria, Pakistan, Philippines, United Arab Republic, United Republic of Tanzania, Uruguay and Yugoslavia). The representatives of Lebanon, Denmark and Nigeria orally proposed certain amendments to the draft. The draft resolution with these amendments was adopted at the Board's 89th meeting by 44 votes to none, with 2 abstentions.<sup>9</sup>

59. At the Board's 89th plenary meeting on 16 February 1966 a draft resolution entitled "Urgency of increasing the volume of development assistance" (TD/B/L.85) was submitted jointly by the delegations of Afghanistan, Argentina, Bolivia, Brazil, Cameroon, Ceylon, Chile, Democratic Republic of the Congo, Dahomey, Ecuador, El Salvador, Ethiopia, Ghana, Guinea, Honduras, India, Iran, Iraq, Lebanon, Madagascar, Mali, Mexico, Morocco, Nigeria, Pakistan, Philippines, United Arab Republic, United Republic of Tanzania, Uruguay and Yugoslavia. The text of this draft resolution, which was introduced by the representative of India, is reproduced below:

##### *"The Trade and Development Board,*

*"Recalling the recommendation contained in annex A.IV.2 of the Final Act of the United Nations Conference on Trade and Development in which developed countries were called upon to endeavour to supply, in the light of the principles laid down in recommendation A.IV.1, financial resources to developing countries of a minimum net amount approaching, as nearly as possible, 1 per cent of their national income,*

*"Noting the observation of the Chairman of the Development Assistance Committee of the OECD regarding the need to increase the volume of net capital flows to developing countries, even on the basis of a minimal set of development targets,*

*"Noting also the finding of the World Bank, in its annual report for 1964-1965 that the capability of developing countries to make productive use of resources has now increased so that they can effectively use, on an average over the next*

five years, some \$3,000 million to \$4,000 million per year more than they have actually received in the recent past,

*"Recalling the concern expressed in General Assembly resolution 2088 (XX) about the fall in the quantum of assistance to developing countries in recent years and the consequent reiteration of the request to the developed countries to take urgent measures to ensure and accelerate the flow of international assistance and long-term capital to developing countries in the required measure,*

*"Bearing in mind the Secretary-General's conclusion in his Report (TD/B/C.3/4) that the rates of growth of developing countries have been depressed rather than accelerated in the early years of the United Nations Development Decade,*

*"Recognizing that on account of the rapid increase in the population of the developing countries, the decline in the rate of growth in per capita income has been even steeper than in aggregate national incomes,*

*"Noting the Secretary-General's conclusion that inadequate external finance has been an important constraint on the growth rates of the developing countries,*

*"Invites developed countries to provide for suitable increases in the net flow of their developmental assistance in the formulation of their budgetary and fiscal policies beginning 1966-1967."*

60. In the ensuing discussion, a number of the sponsors of the draft resolution stressed that its operative paragraph contained merely an invitation to the developed countries to provide in their national budgets for increases in developmental assistance in order that the objectives of the recommendations of the 1964 Conference might be achieved. They stated that the draft resolution would be a reaffirmation of the objectives of General Assembly resolution 1710 (XVI) concerning the United Nations Development Decade. They said that the rates of growth of the developing countries were still short of the targets of the Development Decade; in fact, the rates of growth were declining and for that reason more assistance for development purposes was needed.

61. Representatives of the developed countries with market economies expressed their sympathy with the concern of the developing countries and with the objectives expressed in the draft resolution on the urgency of increasing the volume of developmental assistance. Although they had in mind the relevant recommendations of the Final Act, it was not possible for them to give proper consideration to the text proposed without consulting their Governments, for which the necessary time was not available. They said, however, that the objectives and concerns of the developing countries and the invitation contained in the operative paragraph of the draft resolution would be brought to the attention of their Governments. The sponsors of the draft resolution agreed that this statement would fulfil the purpose they had in mind for the time being.

62. The representatives of some socialist countries of Eastern Europe said that, while there was no time for a full debate on the draft resolution, the problem dealt with in the draft was of great importance and that they viewed its objectives with sympathy and would be prepared to support these objectives.

63. After further discussion the Board, at its 90th plenary meeting on 16 February 1966, agreed to defer consideration of the draft resolution to its fourth session.

64. At the Board's 86th meeting on 15 February 1966 a draft resolution concerning suppliers' credit and credit insurance (TD/B/L.80) was introduced by the

<sup>9</sup>For the text of the resolution as adopted see annex A to this part of the present report.

representative of Nigeria on behalf of the sponsors (Afghanistan, Argentina, Bolivia, Brazil, Cameroon, Ceylon, Chile, Congo (Democratic Republic of), Dahomey, Ecuador, El Salvador, Ethiopia, Ghana, Guinea, Honduras, India, Iran, Iraq, Lebanon, Madagascar, Mali, Mexico, Morocco, Nigeria, Pakistan,

Philippines, United Arab Republic, United Republic of Tanzania, Uruguay and Yugoslavia). At the same meeting, this draft resolution was adopted by 51 votes to none, with 1 abstention.<sup>10</sup>

---

<sup>10</sup> For the text of the resolution as adopted see annex A to this part of the present report.

## Chapter VIII

### REPORT OF THE COMMITTEE ON MANUFACTURES

#### (Agenda item 7)

65. This item was referred to the Sessional Committee for consideration and report (see also chapter XIII below).

#### DELIBERATIONS IN THE SESSIONAL COMMITTEE

66. The Sessional Committee noted that the report of the first part of the first session of the Committee on Manufactures<sup>11</sup> had been considered by the Board at its second session.<sup>12</sup> Since the second part of that Committee's first session had been postponed to 28 February 1966, the report on that second part was not yet available; it is to be considered by the Board at its fourth session. However, a draft resolution (TD/B/L.53 and Corr.1 and 2)<sup>13</sup> had been introduced at the second session of the Board and its consideration had been postponed to the current session, and as the Board had referred it to the Sessional Committee, the latter discussed it at its meetings from 2 to 4 February 1966.

67. In the Sessional Committee, representatives of developing countries, sponsors of the draft resolution, stressed the importance they attached to its early adoption with a view to achieving the objectives of the recommendation in annex A.III.4 of the Final Act of UNCTAD for facilitating the diversification and expansion of the exports of the developing countries' manufactures and semi-manufactures. The representatives of several developed market economy countries raised a number of questions and sought clarifications. Representatives of developing countries furnished elucidations and explanations with a view to meeting the points raised. A detailed discussion of the text and the wording of the draft resolution followed.

68. Representatives of developing countries pointed out that, even if the Kennedy Round should be completely successful, there were areas and fields in which urgent action was called for, and hence supplementary negotiations were necessary. Action was also necessary for restructuring the tariff classifications of developed countries in order to remove the present obstacles to exports to developed countries of products originating in developing countries. Furthermore, there was a need for preferential treatment for all manufactures and semi-manufactures of developing countries so as to enable the rapid development of their economies.

69. The representatives of several developed market economy countries stated that, in view of what they considered to be imperfections and contradictions in the text, they still had misgivings concerning the draft resolution and sought further clarification on several

points. Nevertheless, they made it quite clear that they shared the opinion of developing countries that major efforts were needed to facilitate exports of manufactures and semi-manufactures from the developing countries. They were also of the opinion that although the discussions had been useful and should be continued, it was premature as yet to draw conclusions from them, for example, in respect of the consideration of new negotiations. This was in part because the results of the Kennedy Round (where efforts were being made to meet the special and urgent needs of the developing countries) and of other developments were not yet known. It was, therefore, too early to determine the nature and scope of any possible supplementary effort in the field of tariff negotiations. They also noted that the draft was unclear as to the forum for any such supplementary effort. Moreover, studies of some of the questions raised by the draft resolution were being carried out elsewhere within UNCTAD. For example, the Group on Preferences would continue its discussions on the question of preferences in April 1966. The general position of the representatives of most developed market economy countries was that further discussion of the draft should take place in the Committee on Manufactures, in order to obtain better results.

70. Representatives of developing countries, in offering a number of further clarifications, suggested that the detailed wording of the text of the draft resolution could be discussed further. They were opposed to referring the draft to the Committee on Manufactures and proposed that it be referred to the Board for further consideration at this session. The hope was also expressed on their behalf that the Board might wish to set up a working group to continue the discussions in order to arrive at an agreed text for its own consideration.

71. The Sessional Committee decided unanimously to report its discussions to the Board so that consideration of the draft resolution could be continued during the present session.

#### DELIBERATIONS IN THE BOARD

72. At its 78th meeting, the Trade and Development Board established a Working Party composed of Austria, Brazil, Czechoslovakia, Ethiopia, Ghana, India, Italy, Japan, Mexico, Pakistan, Union of Soviet Socialist Republics, United Arab Republic and the United States of America to consider the above-mentioned draft resolution with a view to working out a generally acceptable text.

73. At its first meeting on 11 February 1966, the Working Party elected Mr. Julio Faesler (Mexico) as its Chairman. It held six meetings.

74. After discussion, the Working Party agreed to submit to the Board the draft reproduced below:

<sup>11</sup> *Official Records of the Trade and Development Board, Second Session, Supplement No. 3 (TD/B/22/Rev.1).*

<sup>12</sup> *Official Records of the General Assembly, Twentieth Session, Supplement No. 15 (A/6023/Rev.1), part Two, paras. 58-74.*

<sup>13</sup> *Ibid.*, para. 74.

**"Expansion of exports of manufactures and semi-manufactures of developing countries"**

*"The Trade and Development Board,*

*"Recognizing the urgent need for the diversification and expansion of the export trade of developing countries in manufactures and semi-manufactures as a means of accelerating their economic development,*

*"Recalling the recommendations of the Final Act of the United Nations Conference on Trade and Development and in particular the guidelines contained in annex A.III.4,*

*"Noting that the trade negotiations under way among the Contracting Parties to the General Agreement on Tariffs and Trade can contribute to several objectives contained in the Final Act of the Conference,*

*"A. Recommends:*

- "(i) That the members of UNCTAD who are participating in the current trade negotiations in the framework of GATT make all possible efforts in such negotiations to facilitate exports of manufactures and semi-manufactures from developing countries, having regard to the relevant provisions of recommendation A.III.4;*
- "(ii) That the countries participating in the GATT negotiations consider, at whatever stage of the negotiations they agree would be appropriate, what supplementary efforts can be made within the framework of recommendation A.III.4 to fully achieve the objectives of the Conference in the field of exports of manufactures and semi-manufactures from developing countries;*
- "(iii) That the Secretary-General of UNCTAD seek, on the basis of concrete proposals, the advice and assistance of the Director-General of GATT (and/or other appropriate international organizations in the event the concrete proposals do not involve the tariffs of Contracting Parties to GATT) concerning what revision or adjustments of tariff classifications can be made to promote the exports of manufactures and semi-manufactures from developing countries;*

*"(iv) That the Group on Preferences pursue its consideration of the question of devising practical schemes for the granting and extension of preferences in favour of developing countries in accordance with its terms of reference;*

*"B. Invites the Director-General of GATT to inform the Secretary-General of UNCTAD of the results of the current trade negotiations."*

75. At its 88th plenary meeting on 15 February 1966 the Board considered the Working Party's report (TD/B/L.82). The representatives of the developing countries, while expressing appreciation of the efforts made by the members of the Working Party, stated that they were unable to accept the draft reproduced above and suggested that the consideration of the original draft resolution (TD/B/L.53 and Corr.1 and 2) be deferred to the Board's fourth session. The representatives of the developed market economy countries regretted that it had not proved possible for the Board to reach agreement on the matter. Some of these representatives considered that the Board's inability to agree on the draft proposed by the Working Party might make it difficult to achieve progress at a later stage. The hope was, however, expressed that further efforts to reach agreement would be made at the next session and that in the meantime the various forums and opportunities available would be made use of for the purpose of attaining the objectives of the recommendation contained in annex A.III.4 of the Final Act of UNCTAD.

**ACTION BY THE BOARD**

76. The Board took note of the Working Party's report, did not accept the draft resolution annexed to it and decided to postpone, until its fourth session, consideration of the draft resolution in document TD/B/L.53 and Corr.1 and 2.

## Chapter IX

### CONSIDERATION OF THE REPORT OF WORKING PARTY 1 (PRICES AND QUOTAS) OF THE UNITED NATIONS COCOA CONFERENCE

#### (Agenda item 22)

77. This item was referred to the Sessional Committee for consideration and report (see also chapter XIII below).

#### DELIBERATIONS IN THE SESSIONAL COMMITTEE

78. In the Sessional Committee, the representatives of developing countries stated that they would reserve their comments on this item until it came to be considered at a plenary meeting of the Board.

79. The representatives of some developed market economy countries commented on the Working Party's report (TD/B/53 and Corr.1). They approved the suggestion made in the report that another session of the Working Party should be held in March 1966 and expressed the hope that that session would pave the way for an early negotiating conference. They expressed the opinion that detailed discussions at the expert level during the last two sessions of the Working Party had served to clarify and identify the technical and legal problems affecting the cocoa market. The report of the Working Party showed that progress had been made in exploring various schemes on which an international cocoa agreement might be based. However, it was noted by the representatives of some developed market economy countries that there were still considerable differences of opinion amongst the members of the Working Party about measures that might be adopted for stabilizing international prices of cocoa. It was, therefore, considered necessary to continue the examination of a number of technical aspects which, in the view of the representatives of some developed market economy countries, should precede the convening of a negotiating conference. Since the Working Party had not yet finished its task, it was the view of these representatives that its report should be considered as an interim one.

80. The Sessional Committee took note of the report of the Working Party and decided to transmit it to the Board.

#### DELIBERATIONS IN THE BOARD

81. The Board discussed the part of the report of the Sessional Committee (TD/B/L.72) which concerned the report of Working Party 1 (Prices and Quotas) of the United Nations Cocoa Conference, at its 78th and 79th meetings, and adopted it unanimously.

82. The representatives of several developing countries stated that the fluctuations of cocoa prices in the last few years made it urgent to conclude an international agreement to help to stabilize the market. The problems affecting cocoa were well known, and all that

was needed was the political will to arrive at an agreement.

83. A draft resolution on the "Resumption of the Cocoa Conference" (TD/B/L.71/Rev.1) was submitted by the delegations of Afghanistan, Argentina, Bolivia, Brazil, Cameroon, Ceylon, Chile, Congo (Democratic Republic of), Dahomey, Ecuador, El Salvador, Ethiopia, Ghana, Guinea, Honduras, India, Iran, Iraq, Lebanon, Madagascar, Mali, Mexico, Morocco, Nigeria, Pakistan, Philippines, United Arab Republic, United Republic of Tanzania, Uruguay and Yugoslavia. The draft resolution was introduced by the representative of Nigeria at the Board's 78th plenary meeting on 10 February 1966.

84. The operative part of the draft resolution read:

"1. *Confirms* its desire to see an International Agreement on Cocoa concluded and put into force before the beginning of the 1966-1967 cocoa season;

"2. *Takes note* of the report of Working Party 1 at its January meeting (TD/B/53 and Corr.1) and expressed disappointment at its inability to agree on the provisions that should be incorporated in a draft agreement;

"3. *Appeals* to all members of Cocoa Working Party 1 on Prices and Quotas, particularly the consuming countries, to co-operate fully so that the Working Party may reach substantial agreement at its meeting scheduled for March 1966 on the following:

"(a) The mechanism of the draft agreement to be submitted to the Cocoa Conference;

"(b) The question of financing cocoa stock operations;

"(c) The principles concerning the determination of the desirable level and range of prices;

"4. *Requests* the Secretary-General of the United Nations to convene the Cocoa Conference in May 1966."

85. After discussion, the representative of Nigeria proposed the following amendment (TD/B/L.77) to the joint draft resolution:

"1. *In operative paragraph 3*, delete the words 'particularly the consuming countries'.

"2. Add the following words at the end of *operative paragraph 4*:

"'unless the report of the Working Party at its March 1966 session indicates that success of such a Conference cannot reasonably be expected.'"

#### ACTION BY THE BOARD

86. At its 79th meeting on 11 February 1966 the Board adopted unanimously the joint draft resolution with the amendments submitted by the representative of Nigeria.<sup>14</sup>

<sup>14</sup> For the text of the resolution as adopted see annex A to this part of the present report.

## Chapter X

### PREPARATION FOR THE SECOND SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

#### (Agenda item 12)

87. By its resolution 2085 (XX) the General Assembly decided to convene the second session of the United Nations Conference on Trade and Development in the first part of 1967 and requested the Board to propose the date and place of the second session of the Conference.<sup>15</sup>

88. In the course of the discussion of this agenda item the Board considered the scope and objectives of the next Conference, the topics to be dealt with and other aspects of the preparatory work. The opinion was expressed that, the first Conference having set up the framework of what, in essence, constituted a new international policy for trade and development, the second Conference should concentrate its attention on ways and means of implementing the recommendations of the first Conference. It was generally agreed that the theme of the second session of the Conference should be "action and achievement". It was widely agreed, moreover, that the second Conference should be selective in its approach in order to concentrate its attention on matters of fundamental importance.

89. Many delegations expressed the opinion that the second session of the Conference should be shorter than the first, which might make it easier for high-level representatives to attend.

90. The object of the second session should be to achieve practical results. It was the opinion of some delegations that for this purpose that session should be the occasion for negotiations with a view to adopting a programme of concrete action. Others stressed the need for the organization of synchronized action between developed and developing countries. It was recalled that the Board itself, under rule 32 of its rules of procedure, would act as the preparatory committee for the Conference. Among the specific proposals made was one to the effect that there should be one item concerning the principles governing international trade relations and trade policies conducive to development. Another proposal, made by the representative of a developing country, was that the question of the preparation of a "trade and development charter" should be considered. The representative of another developing country suggested that the second session may consider

designating the 1970's as the "United Nations Decade for Progress through Trade". A number of other suggestions were made in the course of the preliminary discussion concerning the topics to be dealt with at the next Conference, in particular, that it should include items relating to the following subjects: the question of preferences; the question of international monetary reform; the promotion of trade between developing countries and its financing, and long-term objectives of trade and development; and the question of setting quantitative targets for ensuring access in the markets of the developed countries for the products exported by the developing countries.

91. It was stressed that the preparations for the next Conference should be made as soon as possible in order that the secretariat might issue in good time the documents which would be required. In this connexion reference was made to resolution 20 (II) of the Board, operative paragraph 2 of which requests the Secretary-General of UNCTAD to pursue consultations with Governments relating to the convening of the Conference.

92. The Secretary-General of UNCTAD said that, before the secretariat could undertake any studies or prepare any documents for the second session of the Conference, a clear decision by the Board was needed concerning the agenda. Furthermore, he pointed out that, for the purpose of physical and administrative arrangements, it would be desirable that the Board should come to a decision without much delay concerning the date and place of the second session.

93. The President of the Board summarized his understanding of the main trend of the discussion on this item as follows:

- (i) The second session of the United Nations Conference on Trade and Development, 1967, should concentrate its attention on fundamental objectives and specific goals;
- (ii) It was desirable that practical results with respect to the main items should be aimed at, by means of negotiation wherever appropriate;
- (iii) The Board's preparations for the second Conference should be conceived as a continuing and creative process which should start forthwith and go on until the Conference itself opened. In this connexion work should begin on defining the areas for possible negotiation, for which purpose the views of all States members of UNCTAD in this regard should be taken into account; emphasis should be put on the organization of synchronized action;
- (iv) In this preparatory work the full participation of the regional economic commissions and their secretariats should be enlisted.

<sup>15</sup> The relevant paragraphs in the Assembly resolution read:

"15. *Decides* to convene the second session of the Conference in the first part of 1967, as recommended by the Board in its resolution 20 (II) of 15 September 1965, and expresses confidence that, in the meantime, the States members of the Conference will endeavour, through the Board and its subsidiary bodies, to concentrate on substantive questions of trade and development and to achieve adequate progress towards resolving them;

"16. *Requests* the Board to propose, in accordance with paragraph 2 of General Assembly resolution 1995 (XIX), the date and place of the second session of the Conference, preferably in a developing country, for decision by the Assembly at its twenty-first session."

94. In the course of further discussion the following preliminary steps were proposed in preparation for the 1967 Conference:

- (i) The Secretary-General of the Conference should prepare a tentative list of items for possible inclusion in the agenda of the 1967 Conference;
- (ii) On the basis of this tentative list he should consult with the Governments of the States members of UNCTAD and with the regional economic commissions of the United Nations;
- (iii) In the light of these consultations he should prepare, for the fourth session of the Board, a draft of the provisional agenda of the 1967 Conference;
- (iv) At the opening of the Board's fourth session a sessional committee should be appointed immediately to consider preparations for the 1967 Conference.

95. The Board decided that the procedure described above should be followed.

96. As regards the place where the 1967 Conference is to be held, it was agreed after some discussion that the best course would be for the Board to adopt a

resolution requesting Governments of States members of UNCTAD who wished to act as host to the 1967 Conference to communicate their invitations to the Secretary-General of UNCTAD by a specified date.

97. A draft resolution in this sense was subsequently submitted jointly by the delegations of Afghanistan, Argentina, Bolivia, Brazil, Cameroon, Ceylon, Chile, Congo (Democratic Republic of), Dahomey, Ecuador, El Salvador, Ethiopia, Ghana, Guinea, Honduras, India, Iran, Iraq, Lebanon, Madagascar, Mali, Mexico, Morocco, Nigeria, Pakistan, Philippines, United Arab Republic, United Republic of Tanzania, Uruguay and Yugoslavia (TD/B/L.81). It was explained by the sponsors that the draft took into account operative paragraph 16 of General Assembly resolution 2085 (XX). A number of representatives said that they assumed that the terms of General Assembly resolution 1202 (XII) on "Pattern of conferences", so far as applicable, would be observed.

98. At the Board's 86th plenary meeting on 15 February 1966 the draft resolution was adopted unanimously.<sup>16</sup>

<sup>16</sup> For the text of the resolution as adopted see annex A to this part of the present report.

## Chapter XI

### DESIGNATION OF NON-GOVERNMENTAL ORGANIZATIONS FOR THE PURPOSE OF RULE 79 OF THE RULES OF PROCEDURE

#### *(Agenda item 14)*

99. The Board had before it a note by the Secretary-General of UNCTAD (TD/B/L.76) transmitting to the Board the recommendations by the Bureau concerning the applications received from a number of non-governmental organizations for inclusion in the list provided for in rule 79 of the rules of procedure. The Bureau also suggested that a decision be adopted by the Board to the effect that the secretariat should examine the question of the participation of national non-governmental organizations in the activities of UNCTAD. The Bureau likewise recommended that the Secretary-General of UNCTAD be asked to submit proposals concerning the desirability of amending the existing text of the "Arrangements for the participation of non-governmental organizations in the activities of UNCTAD" approved by the Board at the second session (TD/B/37).

100. At its 86th meeting on 15 February 1966, on the proposal of the representative of Italy, the Board decided to postpone this item, together with the note by the Secretary-General of UNCTAD (TD/B/L.76), to its fourth session, on the understanding that the Secretary-General of UNCTAD was not requested to submit proposals concerning amendments to the existing text of the said "Arrangements".

## Chapter XII

### FUTURE WORK

#### 1. Organization of the work of the Board (agenda item 20)

101. With regard to item 20 of the agenda, the Board had before it a note by the Secretary-General of the Conference (TD/B/44).

102. It was recognized that progress in the Board's consideration of problems of trade and development called for the sound organization of its proceedings and that, therefore, due attention should be given to the continuing improvement of the Board's procedure and practices and to efforts to remedy existing shortcomings. In this connexion the Secretary-General's note was described as providing a useful background to the debate.

103. The representatives of the Group of 31 and of Groups B and D expressed the views of their respective groups on the Secretary-General's note, which are contained in the summary records. Some individual delegations also expressed certain views. It was considered that the Board had begun its activities so recently that it might be premature to institutionalize certain procedural arrangements; rather, these should be reviewed from time to time in the light of experience.

104. With reference to paragraphs 19 to 22 of the note, concerning the report of the Board to the General Assembly of the United Nations, it was stated that the question of the nature and preparation of the report was one requiring careful attention. It was agreed that the report should be essentially factual. As regards the procedure for preparing the report, it was considered that the procedure followed hitherto should continue to be observed, *vis.* that it should be drafted by the Rapporteur appointed by the Board and should be formally approved by the Board.

105. With reference to paragraphs 9 and 10 (sessional committees) it was thought that it would not be advisable to prejudge the question of the number of sessional committees; the number should be decided at each session in the light of circumstances. Much the same opinion was expressed with regard to paragraphs 13 to 15 (working parties).

106. So far as the subject matter of paragraphs 4 to 6 was concerned, some representatives expressed satisfaction with the arrangements made at the current session, at which the Bureau advised the President on all organizational matters. In addition, many representatives considered it advisable to continue the practice of consultations between the President and spokesmen for groups of countries, some delegations stressed the importance of direct representation instead of limited representation. They suggested also the advisability of handling some problems of UNCTAD, of common interest to certain regions, according to the regional criterion on which the United Nations regional economic commissions are based, and stressed the necessity to observe the priority of the plenary meetings of the

Board and the respect of its full rights and authority. Several delegations spoke against the proliferation of working groups.

107. It was recognized that the President was naturally free at any time to approach any delegation or any group of delegations for the purpose of enlisting their co-operation in furtherance of the Board's business.

108. It was emphasized that no procedure could be contemplated which would prejudice the Board's freedom of decision in matters within its competence.

#### 2. Provisional agenda for the fourth session of the Board (agenda item 18)

109. At its 85th and 90th meetings the Board considered the draft provisional agenda (TD/B/L.75 and Add.1) prepared by the Secretary-General of UNCTAD in accordance with rule 8 of the rules of procedure.

110. After some discussion the following modifications were made:

(a) The words "and report of the Group on Preferences" were added to item 4, "Report of the Committee on Manufactures";

(b) Item 10 was reworded to read: "Second session of the United Nations Conference on Trade and Development: objectives, agenda and programme of preparatory work";

(c) Item 13 was reworded to read: "Calendar of meetings for 1967".

111. The provisional agenda for the fourth session, as adopted, reads as follows:

1. Adoption of the agenda.
2. Adoption of the report on credentials.
3. Review of the implementation of the recommendations of the Conference.
4. Report of the Committee on Manufactures and report of the Group on Preferences.
5. Report of the Committee on Invisibles and Financing related to Trade.
6. Report of the Committee on Shipping.
7. Problems arising in trade relations between countries having different economic and social systems.
8. Steps to be taken to achieve agreement on principles governing international trade relations and trade policies conducive to development (see annexes A.I.1, A.I.2, and A.I.3 of the Final Act of UNCTAD, 1964).
9. Report on the United Nations Cocoa Conference.
10. Second session of the United Nations Conference on Trade and Development: objectives, agenda and programme of preparatory work.
11. Designation of non-governmental organizations for the purpose of rule 79 of the rules of procedure.
12. Elections to membership of committees.
13. Calendar of meetings for 1967.
14. Provisional agenda for the fifth session of the Board.
15. Financial implications of the actions of the Board.

16. Other business.

17. Adoption of the report of the Board to the General Assembly.

### 3. Review of the calendar of meetings (agenda item 13)

112. The Board had before it a note by the secretariat the annex to which contained a revised calendar of meetings of UNCTAD bodies in 1966 (TD/B/L.78 and Corr.1) and which took into account the proposed changes in and additions to the calendar approved by the Board at its second session in resolution 18 (II). The note also gave particulars of the administrative and financial implications of the proposed additions.

113. The Board considered this item at its 85th and 87th meetings. During the discussion several representatives expressed their concern at the large number of meetings scheduled to be held during 1966, and in particular at the number of bodies which were to deal with commodity questions. It was suggested that some of these meetings, such as those of the *ad hoc* Working Party on International Organization of Commodity Trade and the Permanent Sub-Committee on Commodities, might be merged or be held concurrently. It was further suggested that certain meetings might be postponed to 1967. With regard to the proposed meeting of the Group on Preferences many representatives suggested that the Group should meet at Geneva instead of in New York and in any case in time to allow it to report to the fourth session of the Board. It was suggested also that the Group on Preferences should meet in the same place as the Permanent Sub-Committee on Commodities. With regard to the timing of the first session of the Consultative Committee of the United Nations Sugar Conference, the Secretary-General of UNCTAD was requested to fix the dates of that session in consultation with the International Sugar Council. Some representatives requested the Secretary-General of UNCTAD to consider the possibility of transferring as many as possible from New York to Geneva.

114. At its 87th meeting the Board received a revised calendar of meetings for 1966 (TD/B/L.83) which took into account some of the suggestions made during the previous discussion. In particular, the Secretary-General of UNCTAD confirmed that the dates of the first session of the Consultative Committee of the United Nations Sugar Conference (7-10 March) had been fixed in consultation with the International Sugar Council, and he proposed, in line with the suggestions made during the discussion, that the *ad hoc* Working Party on International Organization of Commodity Trade should be abolished and its functions transferred to the Permanent Sub-Committee on Commodities. With regard to the timing of the meeting of the Group on Preferences, it was explained by the Secretary-General that, if the Board wished it to meet at Geneva, the meeting would have to take place a few weeks later than the originally scheduled date (5-22 July in New York): the earliest dates for which the meeting of the Group could be scheduled at Geneva would be 26 July to 12 August 1966.

115. In approving the revised calendar (TD/B/L.83), the Board decided that the Group on Preferences should meet at Geneva from 26 July to 12 August

1966 or earlier if possible and should report to the fourth session of the Board.<sup>17</sup>

### 4. Report of the Secretary-General of the Conference on the implementation of resolution 22 (S-I) of the Board on the location of the secretariat of the Conference (agenda item 21)

116. The Board considered this item at its 83rd plenary meeting on 14 February 1966, in the light of a report by the Secretary-General of the Conference (TD/B/45 and Corr.1).

117. The Secretary-General of the Conference introduced the report and further explained the effort and progress that were being made in giving effect to the Board's resolution 22 (S-I). He stated that considerable progress had been made in the establishment of the UNCTAD secretariat at Geneva, particularly in transferring the main divisions of the secretariat to Geneva and in the physical installation of the staff.

118. He said that the conference facilities in the Palais des Nations were still inadequate, and that improvements depended on the installation of additional facilities. He expressed satisfaction with the agreement made with the United Nations Office at Geneva regarding administrative and related matters. The secretariat of UNCTAD, which did not form part of the United Nations Office at Geneva, was co-operating fully with that Office.

119. Referring to the recruitment of staff for the UNCTAD secretariat (paragraph 9 of the report), he informed the Board of progress made in this regard and said that in about three months' time nearly all of the 103 professional posts authorized for the current year would be either filled or committed.

120. The representative of the United Republic of Tanzania, speaking on behalf of the African group, while appreciating the efforts made to implement resolution 22 (S-I), expressed the opinion that the question of the recruitment and equitable geographical distribution of UNCTAD staff deserved serious attention. In particular, he considered that the African region was not adequately represented in the secretariat as now constituted. He asked that immediate action should be taken to redress the present situation. He emphasized that his observations in this regard should not be construed as reflections on the UNCTAD secretariat as such, but were intended to apply to the recruitment policy as administered by the United Nations Secretariat as a whole.

121. The Secretary-General of UNCTAD, in reply, gave particulars of the regional distribution of UNCTAD's staff already appointed or in process of recruitment, which indicated that the share of the African region was fully in conformity with the quota requirements laid down by the Organization. He also explained the criteria governing recruitment policies and procedures to which he had to conform.

122. The representatives of the African countries thanked the Secretary-General of UNCTAD for his explanation, but indicated that they might, if necessary, raise the matter again in the Fifth Committee of the General Assembly.

123. The Board took note of the report submitted by the Secretary-General under this item.

<sup>17</sup> For the calendar of meetings as approved, see annex A to this part of the present report.

## Chapter XIII

### ORGANIZATIONAL MATTERS

#### 1. Opening of the session

124. The third session of the Trade and Development Board was opened on 25 January 1966 by H.E. Syed Amjad Ali, President of the Board for 1965, at United Nations Headquarters, New York.

125. The Secretary-General of UNCTAD made an opening statement (TD/B/54).

#### 2. Election of officers (*agenda item 1*)

126. At its 58th plenary meeting, on 25 January 1966, the Board elected by acclamation H.E. Mr. José Piñera (Chile) as its President for 1966, and elected the following representatives as Vice-Presidents:

Mr. Jean-Baptiste Beleoken (Cameroon)  
Mr. Souheil Chammas (Lebanon)  
Mr. Manoutcher Fartash (Iran)  
Mr. José Mixco Fischnaler (El Salvador)  
Mr. Pierre A. Forthomme (Belgium)  
Mr. Kamuran Gürun (Turkey)  
Mr. M'baye Cheik Omar (Guinea)  
Mr. Franciszek Modrzewski (Poland)  
Mr. Wilfried Platzner (Austria)  
Mr. Hans R. Tabor (Denmark)

127. Mr. János Nyerges (Hungary) was elected Rapporteur.

128. The President made an opening statement (TD/B/51).

#### 3. Adoption of the agenda (*agenda item 2*)

129. At its 59th meeting on 25 January 1966 the Board considered the provisional agenda, as approved at the second session of the Board (TD/B/38). The Board also had before it a supplementary list of items submitted by the Secretary-General of UNCTAD (TD/B/39). The delegation of Cameroon proposed the inclusion in the agenda of an item entitled: "Consideration of the Report of Working Party 1 (Prices and Quotas) of the United Nations Cocoa Conference". The Board unanimously adopted the agenda, including the supplementary items proposed by the Secretary-General and the item suggested by the delegation of Cameroon, as shown below (TD/B/52):

1. Election of officers.
2. Adoption of the agenda.
3. Adoption of the report on credentials.
4. Review of the implementation of the recommendations of the Conference.
5. Report of the Committee on Shipping.
6. Report of the Committee on Invisibles and Financing related to Trade, including report of the Expert Group on International Monetary Issues.
7. Report of the Committee on Manufactures.

8. Problems arising in trade relations between countries having different economic and social systems.
9. Steps to be taken to achieve agreement on principles governing international trade relations and trade policies conducive to development (see annexes A.I.1, A.I.2 and A.I.3 of the Final Act of UNCTAD, 1964).
10. Consideration of the results of the United Nations Conference of Plenipotentiaries on Transit Trade of Land-locked Countries.
11. Progress report by the Secretary-General of the Conference in connexion with the assessment of the feasibility of achieving higher rates of growth.
12. Preparation for the second session of the United Nations Conference on Trade and Development.
13. Review of the calendar of meetings for 1966.
14. Designation of non-governmental organizations for the purpose of rule 79 of the rules of procedure.
15. Elections to membership of committees.
16. Appointment of the members of the Advisory Committee to the Board and to the Committee on Commodities.
17. Financial implications of the actions of the Board.
18. Provisional agenda for the fourth session of the Board.
19. Other business.
20. Organization of the work of the Board.
21. Report of the Secretary-General of the Conference on the implementation of resolution 22 (S-I) of the Board on the location of the secretariat of UNCTAD.
22. Consideration of the report of Working Party 1 (Prices and Quotas) of the United Nations Cocoa Conference.
23. Adoption of the report of the Board on its third session.

#### 4. Membership and attendance

130. The following members of the Board were represented at the third session of the Board: Afghanistan, Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Bulgaria, Cameroon, Canada, Ceylon, Chile, Congo (Democratic Republic of), Czechoslovakia, Dahomey, Denmark, Ecuador, El Salvador, Ethiopia, Federal Republic of Germany, France, Ghana, Guinea, Honduras, Hungary, India, Iran, Iraq, Italy, Japan, Lebanon, Madagascar, Mali, Mexico, Morocco, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Philippines, Poland, Romania, Spain, Sweden, Switzerland, Turkey, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Uruguay and Yugoslavia.

131. The following States, members of the Conference, sent observers to the third session of the Board: Algeria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Chad, China, Colombia, Costa Rica, Cuba, Cyprus, Finland, Greece, Guatemala, Haiti, Ireland, Israel, Ivory Coast, Jamaica, Kenya, Kuwait, Laos, Liberia, Malawi, Malaysia, Malta, Monaco, Mongolia, Nepal, Nicaragua, Paraguay, Peru, Portugal, Republic of Korea, Republic of Viet-Nam, Rwanda, Saudi Arabia, Senegal, Somalia, South Africa, Sudan, Thailand, Togo,

Tunisia, Ukrainian Soviet Socialist Republic and Venezuela.

132. The following specialized agencies were represented at the session: International Labour Organisation, Food and Agriculture Organization of the United Nations, International Bank for Reconstruction and Development, International Monetary Fund, United Nations Educational, Scientific and Cultural Organization, World Health Organization, and Inter-governmental Maritime Consultative Organization. The Contracting Parties to the General Agreement on Tariffs and Trade (GATT) were also represented.

133. The following other inter-governmental organizations were represented at the session: European Economic Community, Inter-American Development Bank, International Union for the Protection of Industrial Property, League of Arab States, Organization of African Unity, Organisation for Economic Co-operation and Development, Organization of American States, Organization of the Petroleum Exporting Countries, Permanent Secretariat of the General Treaty on Central American Integration. The International Coffee Council and the International Cotton Advisory Committee were also represented.

134. The following non-governmental organizations were represented at the session: International Chamber of Commerce, International Confederation of Free Trade Unions, International Co-operative Alliance, International Federation of Agricultural Producers, International Federation of Christian Trade Unions, International Organization of Employers, International Union of Marine Insurance, and International Union of Official Travel Organizations.

## **5. Adoption of the report on credentials (agenda item 3)**

135. At its 71st meeting on 7 February 1966, the Board approved the report of the Bureau (TD/B/56) in which it was indicated that all representatives attending the session had communicated proper credentials.

## **6. Organization of the work of the third session of the Board**

136. The Board set up a Sessional Committee of the Whole to consider and report on items 5, 6 (in part), 7, 10 and 22 of the agenda. The Sessional Committee elected Mr. J. B. Beleoken (Cameroon) as its chairman and Mr. R. MacLaren (Canada) as Vice-Chairman-cum-Rapporteur. It held eleven meetings from 27 January to 8 February 1966 (TD/B/SC.4/SR.1-11).<sup>18</sup>

137. The Sessional Committee's report on the items referred to it (TD/B/L.72) was adopted by the Board at its 78th meeting.

138. As regards agenda item 6, the Board decided that it would itself deal with part II of the report on the first part of the first session of the Committee on Invisibles and Financing related to Trade (TD/B/42) and the report on that Committee's special session (TD/B/57 and Corr.1 and 2), and that in conjunction with this item it would also consider agenda item 11 (Progress report by the Secretary-General of the Con-

ference in connexion with the feasibility of achieving higher rates of growth).<sup>19</sup>

## **7. Election of members of subsidiary bodies**

139. At its 74th plenary meeting on 8 February 1966 the Board decided that, for the purpose of elections to subsidiary bodies, Gambia, the Maldives Islands and Singapore should be treated as part of the list of States in part A of the annex to General Assembly resolution 1995 (XIX).

### **(a) ELECTIONS TO MEMBERSHIP OF COMMITTEES (AGENDA ITEM 15)**

#### **(i) Committee on Invisibles and Financing related to Trade**

140. In conformity with the decision taken by the Board at its first session regarding the rotation of the membership of its committees (A/6023/Rev.1, part one, para. 197) and according to an *ad hoc* procedure agreed upon, the Board at its 59th plenary meeting on 25 January 1966 took the following decisions concerning the terms of office of the members of the Committee on Invisibles and Financing related to Trade:

The term of office of the following members will expire at the end of 1967:

Australia, China, Ecuador, El Salvador, Finland, France, Israel, Mexico, Sudan, Turkey, Uganda, USSR, United Republic of Tanzania, United States of America and Yugoslavia.

The term of office of the following members will expire at the end of 1966:

Belgium, Brazil, Cameroon, Congo (Democratic Republic of), India, Lebanon, Netherlands, Poland, Republic of Korea, Sweden, Switzerland, Trinidad and Tobago, Tunisia, Ukrainian SSR and United Kingdom.

The term of office of the following members will expire at the end of 1965:

Argentina, Canada, Czechoslovakia, Federal Republic of Germany, Ghana, Italy, Japan, Kuwait, Mali, Morocco, Peru, Republic of Viet-Nam, Romania, Spain and United Arab Republic.

141. At the same meeting the Board decided that the following countries would serve on the Committee on Invisibles and Financing related to Trade until the end of 1968: Argentina, Canada, Czechoslovakia, Federal Republic of Germany, Ghana, Italy, Japan, Kuwait, Mali, Morocco, Peru, Republic of Viet-Nam, Romania, Spain and United Arab Republic.

#### **(ii) Committee on Commodities**

142. At its 74th meeting the Board decided on the rotation of the membership of the Committee as follows:

The term of office of the following members shall expire at the end of 1967:

Argentina, Austria, Belgium, Cameroon, Czechoslovakia, Ecuador, India, Japan, Malaysia, Morocco, New Zealand, Peru, Republic of Viet-Nam, Romania, Saudi Arabia, Thailand, Turkey, United Kingdom and United Republic of Tanzania.

The term of office of the following members shall expire at the end of 1966:

<sup>19</sup> For an account of the Board's deliberations and action on these items, see chapter VII of this part of the present report.

<sup>18</sup> For an account of the Sessional Committee's deliberations see chapters V, VI, VII, VIII and IX of this part of the present report.

Brazil, Canada, Ceylon, Columbia, Dahomey, Denmark, Federal Republic of Germany, Ghana, Hungary, Ireland, Italy, Madagascar, Nigeria, Spain, Syria, Uganda, USSR and Uruguay.

The term of office of the following members expired at the end of 1965:

Australia, Bulgaria, Chile, Costa Rica, France, Iran, Iraq, Mali, Mauritania, Netherlands, Philippines, Poland, Senegal, Sudan, Sweden, United States and Venezuela.

143. At its 84th meeting the Board elected the following countries to serve on the Committee for a term of office expiring on 31 December 1968: Australia, Bolivia, Bulgaria, Costa Rica, Cyprus, France, Iran, Iraq, Mali, Mauritania, Netherlands, Philippines, Poland, Senegal, Sudan, Sweden, United States and Venezuela.

#### (iii) *Committee on Manufactures*

144. At its 74th meeting the Board decided on the rotation of the membership of the Committee as follows: The term of office of the following members shall expire at the end of 1967:

Argentina, Austria, Bulgaria, Denmark, France, Ghana, Greece, Guatemala, India, Mexico, Netherlands, Pakistan, Philippines, Syria and Yugoslavia.

The term of office of the following members shall expire at the end of 1966:

Algeria, Belgium, Chile, Congo (Democratic Republic of), Czechoslovakia, Federal Republic of Germany, Ireland, Japan, Madagascar, Republic of Korea, Uganda, USSR, United Arab Republic, United Kingdom and Uruguay.

The term of office of the following members expired at the end of 1965:

Brazil, Canada, China, Guinea, Hungary, Israel, Italy, Jamaica, Morocco, Nigeria, Poland, Switzerland, United Republic of Tanzania and United States.

145. At its 84th meeting the Board elected the following countries to serve on the Committee for a term of office expiring on 31 December 1968: Brazil, Canada, China, Guinea, Hungary, Israel, Italy, Jamaica, Malta, Morocco, Nigeria, Poland, Switzerland, United Republic of Tanzania and United States.

#### (iv) *Committee on Shipping*

146. At its 74th meeting the Board decided on the rotation of the membership of the Committee as follows: The term of office of the following members shall expire at the end of 1967:

Argentina, Australia, Canada, Ceylon, Chile, Congo (Brazzaville), Czechoslovakia, Federal Republic of Germany, Honduras, Japan, Kenya, Liberia, Nigeria, United Arab Republic and United Kingdom.

The term of office of the following members shall expire at the end of 1966:

Colombia, Greece, Hungary, Iran, Iraq, Italy, Mali, Morocco, Pakistan, Philippines, Poland, Spain, Sweden, United States and Uruguay.

The term of office of the following members expired at the end of 1965:

Brazil, Central African Republic, Dahomey, Denmark, France, Ghana, India, Mexico, Netherlands, New Zealand, Norway, Republic of Korea, Romania, Thailand and USSR.

147. At its 84th meeting the Board elected the following countries to serve on the Committee for a term of office expiring on 31 December 1968: Brazil, Central African Republic, Dahomey, Denmark, France, Ghana, India, Mexico, Netherlands, New Zealand, Norway, Republic of Korea, Romania, Thailand and USSR.

#### (b) *APPOINTMENT OF THE MEMBERS OF THE ADVISORY COMMITTEE TO THE BOARD AND TO THE COMMITTEE ON COMMODITIES (AGENDA ITEM 16)*

148. In considering this item, the Board decided, at its 87th meeting on 10 February 1966, that it would first elect the Chairman of the Advisory Committee and thereafter fill the other posts provided for in resolution 8 (I) adopted by the Board at its first session. The representative of Belgium, having expressed doubts about the procedure, stated that solely for this reason he would abstain in all votes on this item.

149. Some representatives expressed the opinion that the membership of the Advisory Committee should be reviewed by the Committee on Commodities in order that it should reflect more adequately the interests of the countries dependent on exports of primary commodities.

150. The Board, at its 87th and 88th meetings on 15 February 1966, decided that the Advisory Committee would be composed of the following members:

(a) Mr. P. N. C. Okigbo (Nigeria), elected by the Board as Chairman;

(b) Mr. S. R. Sen (India), nominated by FAO as a person specifically concerned with agricultural primary commodities;

(c) Mr. S. A. Hasnie (Pakistan), nominated by the Contracting Parties to GATT; and of the following persons appointed by the Board on the recommendation of the Secretary-General:

(d) Mr. Salvador Peña Slane (Mexico), as a person particularly concerned with non-agricultural primary commodities;

(e) Mr. Isaiah Frank (United States of America), as a person of wide experience in the problems confronting countries undergoing development whose economies are primarily dependent on the production and international marketing of primary commodities;

(f) Mr. D. I. Kostyukhin (Union of Soviet Socialist Republics), as a person particularly familiar with the problems of State trading in primary commodities.

151. At its 88th meeting the Board agreed to enlarge the membership of the Advisory Committee. For this purpose the Board adopted a draft proposal submitted by the delegation of Iran (TD/B/L.86) amending operative paragraph 1 of resolution 8 (I) by the addition of a sub-paragraph (g) to the effect that the Advisory Committee shall also comprise "a person with special knowledge and experience in the problems relating to primary commodities in major consuming countries". The Board also adopted a consequential amendment to paragraph 1 of resolution 8 (I) to the effect that, as in the case of the posts provided for in sub-paragraphs (d), (e) and (f), the member of the Advisory Committee mentioned in the new sub-paragraph (g) shall be appointed by the Board upon the recommendation of the Secretary-General of the Conference.

152. In conformity with the new provisions as adopted, the Secretary-General of UNCTAD recom-

mended, and the Board appointed, Mr. André Philip (France) to fill that post.

## **8. Decision concerning a subsidiary body of the Board**

153. At its 87th meeting on 15 February 1966 the Board decided to discontinue the *ad hoc* Working Party on the International Organization of Commodity Trade recommended in annex A.II.8 of the Final Act of the Conference and established by resolution 3 (I) adopted by the Board at its first session and to vest the Working Party's functions in the Permanent Sub-Committee on Commodities.

## **9. Financial implications of the actions of the Board (agenda item 17)**

154. At its 90th plenary meeting the Board considered a summary statement of administrative and financial implications arising from decisions taken at its third session (TD/B/L.79), which was introduced by the Secretary-General of UNCTAD.

155. It was explained that the estimates in the summary statement would have to be revised in the light of action taken by the Board after the estimates had been prepared, inasmuch as the Board, in approving the revised calendar of meetings (TD/B/L.83), had postponed the session of the Expert Group on Uniform Clauses for Marine Insurance from 1966 to 1967. Accordingly, the second sentence of paragraph 4 of document TD/B/L.79 would have to be amended to read "it is... the intention of the Secretary-General of the United Nations to ask the Advisory Committee on Administrative and Budgetary Questions for its prior concurrence, under the terms of General Assembly resolution 2126 (XX), to enter into commitments to meet extraordinary and unforeseen expenses of \$292,000 for consultants and related secretarial-clerical services and \$41,000 for the travel and subsistence of members of expert groups".

156. During the discussions in the Board of the statements concerning the financial implications of its actions, delegations expressed the opinion that UNCTAD should plan to operate within the initial appropriations for any one year in order to avoid the need for requesting supplementary funds. The view was also expressed that the optimum benefit would be realized from funds available for the meetings if the place and time of meeting of any body were determined in the light of the staff and facilities available at Geneva or in New York.

157. It was the consensus of the Board that once a year it should engage in a general budget discussion to exchange views concerning the best use of available resources. While recognizing the competence of the Fifth Committee in budgetary matters, the Board thought that it would be useful at its fourth session to look at the budget of UNCTAD as a whole in addition to engaging in the discussion required under rule 31 of the rules of procedure concerning actions giving rise to expenditures not provided for under the appropriations. The Secretary-General of UNCTAD said that he would welcome such a review as it would enable the Board to take account of the cost of its programme of meetings in relation to the cost of the substantive secretariat. A discussion would be feasible at the fourth session of the Board as the budget estimates for 1967 would by then be available together with the observations thereon of the Advisory Committee on Administrative and Budgetary Questions whose views would serve as a basis for the recommendations of the Fifth Committee to the General Assembly concerning the appropriations to be voted by the Assembly for 1967.

158. At its 91st plenary meeting on 17 February 1966 the Board took note of the summary statement (TD/B/L.79), as amended, concerning the financial implications of the actions of the Board.

## **10. Other business (agenda item 19)**

### **APPLICATIONS BY INTER-GOVERNMENTAL ORGANIZATIONS**

159. At its 71st meeting on 7 February 1966 the Board decided to designate the Cocoa Producers Alliance and the Customs Co-operation Council for the purpose of participation in the deliberations of the Board and its subsidiary bodies, under rule 78 of the rules of procedure.

## **11. Adoption of the report of the Board on its third session (agenda item 23)**

160. At its 91st meeting on 17 February 1966 the Board adopted this report on its third session.

## **12. Closure of the session**

161. At the 91st plenary meeting the President made a closing statement.<sup>20</sup>

<sup>20</sup> The text of his statement was subsequently circulated as document TD/B/65.

## Annex A

### RESOLUTIONS AND DECISIONS OF THE BOARD AT ITS THIRD SESSION

<b>Resolutions</b>	<i>Page</i>
25 (III). Resumption of the United Nations Cocoa Conference (item 22) Resolution of 11 February 1966 .....	29
26 (III). Suppliers' credits and credit insurance (item 6) Resolution of 15 February 1966 .....	30
27 (III). Venue of the second session of the United Nations Conference on Trade and Development (item 12) Resolution of 15 February 1966 .....	30
29 (III). Compensatory credit system of the International Monetary Fund (item 6) Resolution of 16 February 1966 .....	30
<b>Decisions</b>	
RULES OF PROCEDURE OF COMMITTEES OF THE BOARD	
23 (III). Rules of procedure of the Committee on Invisibles and Financing related to Trade (item 6) (approved on 10 February 1966) .....	30
24 (III). Rules of procedure of the Committee on Shipping (item 5) (approved on 10 February 1966) .....	30
CALENDAR OF MEETINGS	
28 (III). Calendar of UNCTAD meetings for 1966 (item 13) (approved on 15 February 1966) .....	30
<b>Other decisions</b>	
(a) Treatment of Gambia, the Maldives Islands and Singapore for the purpose of elections to subsidiary bodies .....	31
(b) Amendment of resolution 8 (I) of the Board .....	31
(c) Discontinuance of the <i>ad hoc</i> Working Party on the International Organization of Commodity Trade .....	31
(d) Transmittal of report of the Committee on Invisibles and Financing related to Trade to international monetary institutions .....	31
(e) Action concerning problems arising in trade relations between countries having different economic and social systems .....	31
(f) Appointment of members of the Advisory Committee to the Board and to the Committee on Commodities .....	31
(g) Designation of two inter-governmental bodies for the purpose of rule 78 of the rules of procedure .....	32

#### RESOLUTION

##### 25 (III). RESUMPTION OF THE UNITED NATIONS COCOA CONFERENCE

*The Trade and Development Board,*

*Recalling* its resolution 2 (I) of 27 April 1965,

*Taking into account* General Assembly resolution 2085 (XX) of 20 December 1965, particularly its paragraph 7, inviting the Board, in the execution of its work programme, to accord particular attention to the problems of trade in primary commodities, which require most urgent action,

*Convinced* that the securing of an International Agreement on Cocoa will contribute to providing a basis for more stable development of the countries within the broader objectives of the United Nations Conference on Trade and Development,

*Further convinced* that the securing of an International Agreement on Cocoa will demonstrate beyond all possible doubt the instrumentality of the United Nations Conference on Trade and Development for practical solution of the problems of trade and development of the developing countries,

*Expressing appreciation* to the Secretary-General of the United Nations Conference on Trade and Development, the Food and Agriculture Organization of the United Nations, and

other interested international organizations for placing necessary facilities at the disposal of Working Party 1 (Prices and Quotas) of the United Nations Cocoa Conference,

*Conscious* of the desire of the international community to see a fair and equitable solution to the problems prevailing in the international cocoa market,

1. *Confirms* its desire to see an International Agreement on Cocoa concluded and put into force before the beginning of the 1966-1967 cocoa season;

2. *Takes note* of the report of Working Party 1 (Prices and Quotas) of the United Nations Cocoa Conference at its January meeting<sup>a</sup> and expresses disappointment at its inability to agree on the provisions that should be incorporated in a draft agreement;

3. *Appeals* to all members of the Working Party to co-operate fully so that the Working Party may reach substantial agreement at its meeting scheduled for March 1966 on the following:

(a) The mechanism of the draft agreement to be submitted to the Cocoa Conference;

<sup>a</sup> TD/B/53 and Corr.1.

- (b) The question of financing cocoa stock operations;  
 (c) The principles concerning the determination of the desirable level and range of prices;

4. *Requests* the Secretary-General of the United Nations to convene the Cocoa Conference in May 1966 unless the report of the Working Party as its March 1966 session indicates that success of such a conference cannot reasonably be expected.

79th plenary meeting,  
 11 February 1966.

#### 26 (III). SUPPLIER'S CREDITS AND CREDIT INSURANCE

*The Trade and Development Board,*

*Considering* that the United Nations Conference on Trade and Development adopted recommendation A.IV.14 of the Final Act,<sup>b</sup> in which the International Bank for Reconstruction and Development was invited to prepare a study of suppliers' credits and credit insurance,

*Considering* that these matters are of great importance both for the developed countries and for the developing countries and are already included in the work programme of the Committee on Invisibles and Financing related to Trade,

*Invites* the member countries of the International Bank for Reconstruction and Development to urge the early preparation of the study referred to in recommendation A.IV.14.

86th plenary meeting,  
 15 February 1966.

#### 27 (III). VENUE OF THE SECOND SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

*The Trade and Development Board,*

*Taking into account* General Assembly resolution 1995 (XIX) of 30 December 1964, which established the Board as the preparatory body for the United Nations Conference on Trade and Development,

*Recalling* General Assembly resolution 2085 (XX) of 20 December 1965, by which the Assembly decided to convene the second session of the Conference in the first part of 1967,

*Recalling further* the strong feelings expressed during the second session of the Trade and Development Board about the desirability of holding the second session of the Conference in a developing country,

1. *Requests* Governments of States members of the United Nations Conference on Trade and Development to indicate to

<sup>b</sup> See *Proceedings of the United Nations Conference on Trade and Development*, vol. I, *Final Act and Report* (United Nations publication, Sales No.: 64.II.B.11), p. 50.

the Secretary-General of the Conference their desire to act as host to the Conference not later than 1 May 1966;

2. *Requests further* the Secretary-General of the Conference to prepare a report on such offers, to be considered at the fourth session of the Board,

86th plenary meeting,  
 15 February 1966.

#### 29 (III). COMPENSATORY CREDIT SYSTEM OF THE INTERNATIONAL MONETARY FUND

*The Trade and Development Board,*

*Noting* that the Committee on Invisibles and Financing related to Trade will commence the consideration of the report by the staff of the International Bank for Reconstruction and Development on supplementary financial measures at a resumed session to be held in the spring of 1966,

*Considering* that the availability of a study on the improvement of the compensatory credit system of the International Monetary Fund referred to in recommendation A.IV.17 of the Final Act of the United Nations Conference on Trade and Development<sup>c</sup> would facilitate the consideration of the staff report referred to above,

*Invites* the Governments members of the International Monetary Fund to endeavour to ensure that the studies referred to in recommendation A.IV.17 be completed and made available as soon as possible.

89th plenary meeting,  
 16 February 1966.

### DECISIONS

#### Rules of procedure of Committees of the Board

##### 23 (III). RULES OF PROCEDURE OF THE COMMITTEE ON INVISIBLES AND FINANCING RELATED TO TRADE

At its 77th plenary meeting on 10 February 1966, the Board approved the rules of procedure of the Committee on Invisibles and Financing related to Trade. The text of the rules of procedure is reproduced in document TD/B/63.

##### 24 (III). RULES OF PROCEDURE OF THE COMMITTEE ON SHIPPING

At its 77th plenary meeting on 10 February 1966, the Board approved the rules of procedure of the Committee on Shipping. The text of the rules of procedure is reproduced in document TD/B/64.

<sup>c</sup> *Ibid.*, p. 52.

### Calendar of meetings

#### 28 (III). CALENDAR OF UNCTAD MEETINGS FOR 1964<sup>d</sup>

	Dates	Duration	Location
United Nations Cocoa Conference, Working Party on Prices and Quotas . . . . .	10-21 January	2 weeks	New York
Working Group of United Nations Committee on Tungsten . . . . .	24-28 January	1 week	New York
Trade and Development Board, third session . . . . .	25 Jan.-16 Feb.	3-4 weeks	New York
Committee on Invisibles and Financing related to Trade, special session . . . . .	27 Jan.-4 Feb.	1 week	New York
Expert Committee on Expansion of Trade among developing countries and on regional development . . . . .	16 Feb.-7 Mar.	3 weeks	New York
Committee on Manufactures, resumed first session . . . . .	28 Feb.-8 Mar.	9 days	Geneva
United Nations Sugar Conference, Consultative Committee, first session . . . . .	7-10 March	4 days	Geneva
United Nations Cocoa Conference, Working Party on Prices and Quotas . . . . .	14-29 March	2-3 weeks	Geneva
Committee on Invisibles and Financing related to Trade, resumed first session . . . . .	4-13 April	10 days	Geneva

	Dates	Duration	Location
Advisory Committee to the Board and to the Committee on Commodities .....	14-20 April	1 week	Geneva
Expert Group on the Horowitz Proposal	18-26 April	9 days	New York
United Nations Sugar Conference, Consultative Committee, second session ...	21-29 April	9 days	Geneva
United Nations Cocoa Conference, second session .....	2 May-3 June	5 weeks	New York
United Nations Committee on Tungsten .	7-10 June	4 days	New York
Permanent Group on Synthetics and Substitutes, first session .....	13-23 June	2 weeks	New York
Expert Group on International Monetary Issues, second session .....	20 June-1 July	2 weeks	New York
Permanent Sub-Committee on Commodities, first session .....	27 June-15 July	3 weeks	Geneva
Committee on Shipping, special session ..	18-22 July	1 week	Geneva
Group on Preferences .....	26 July-12 Aug.	3 weeks	Geneva
Trade and Development Board, fourth session .....	30 Aug.-23 Sept.	4 weeks	Geneva
United Nations Sugar Conference, second session .....	To be determined	To be determined	
Expert Group on Re-insurance .....	26 Sept.-8 Oct	2 weeks	Geneva
Committee on Commodities, second session .....	4-21 October	3 weeks	Geneva
Committee on Manufactures, second session .....	1-18 November	3 weeks	Geneva
Committee on Invisibles and Financing related to Trade, second session .....	21 Nov.-2 Dec.	2 weeks	Geneva
Committee on Shipping, second session ..	5-16 December	2 weeks	Geneva
[Exploratory Meeting on Copper .....	December	1 week	Geneva]

87th plenary meeting,  
15 February 1966

<sup>d</sup> The meeting of the Expert Group on Uniform Clauses for Marine Insurance and the second session of the Permanent Sub-Committee on Commodities, originally scheduled for 1966, were postponed to 1967.

## OTHER DECISIONS

### (a) TREATMENT OF GAMBIA, THE MALDIVES ISLANDS AND SINGAPORE FOR THE PURPOSE OF ELECTIONS TO SUBSIDIARY BODIES

At its 74th plenary meeting on 8 February 1966, the Board decided that, for the purpose of elections to subsidiary bodies, Gambia, the Maldives Islands and Singapore should be treated as if they were in the group of States listed in part A of the annex to General Assembly resolution 1995 (XIX).

### (b) AMENDMENT OF RESOLUTION 8 (I) OF THE BOARD

At its 88th plenary meeting on 15 February 1966, the Board decided to amend operative paragraph 1 of resolution 8 (I) by the addition of a sub-paragraph (g) to the effect that the Advisory Committee to the Board and to the Committee on Commodities shall also comprise "a person with special knowledge and experience in the problems relating to primary commodities in major consuming countries".

The Board also adopted a consequential amendment to paragraph 1 of resolution 8 (I) to the effect that, as in the case of the posts provided for in sub-paragraphs (d), (e) and (f), the member of the Advisory Committee mentioned in the new sub-paragraph (g) shall be appointed by the Board upon the recommendation of the Secretary-General of the Conference.

### (c) DISCONTINUANCE OF THE *ad hoc* WORKING PARTY ON THE INTERNATIONAL ORGANIZATION OF COMMODITY TRADE

At its 87th plenary meeting on 15 February 1966, the Board decided to discontinue the *ad hoc* Working Party on the International Organization of Commodity Trade, established by resolution 3 (I) adopted by the Board at its first session, and to vest the Working Party's functions in the Permanent Sub-Committee on Commodities.

### (d) TRANSMITTAL OF THE REPORT OF THE COMMITTEE ON INVISIBLES AND FINANCING RELATED TO TRADE TO INTERNATIONAL MONETARY INSTITUTIONS

At its 77th plenary meeting on 10 February 1966, the Board decided that the report of the Committee on Invisibles and Financing related to Trade on its special session (TD/B/57 and Corr.1 and 2) and the summary records of the special session, together with the documents relating to the subject of "international monetary issues" laid before the Board regarding the first part of the Committee's first regular session, should be transmitted to the international monetary institutions for their due consideration.

### (e) ACTION CONCERNING PROBLEMS ARISING IN TRADE RELATIONS BETWEEN COUNTRIES HAVING DIFFERENT ECONOMIC AND SOCIAL SYSTEMS

In the light of General Assembly resolutions 1995 (XIX) and 2085 (XX), the Board, at its 90th plenary meeting on 16 February 1966, agreed to request the Secretary-General to prepare periodically, for consideration by the Board and the Conference, reports on the problems of trade between countries having different economic and social systems, including problems of "East-West" trade, paying attention in particular to the trade interests of developing countries and taking into account the work in this field of other United Nations organs, including the regional economic commissions.

### (f) APPOINTMENT OF MEMBERS OF THE ADVISORY COMMITTEE TO THE BOARD AND TO THE COMMITTEE ON COMMODITIES

The Board, at its 87th and 88th meetings on 15 February 1966, decided that the Advisory Committee would be composed

of the following members, to hold office for a term of three years:

- (i) Mr. P. N. C. Okigbo (Nigeria), elected by the Board as Chairman;
  - (ii) Mr. S. R. Sen (India), nominated by the Food and Agriculture Organization of the United Nations (FAO) as a person specifically concerned with agricultural primary commodities;
  - (iii) Mr. S. A. Hasnie (Pakistan), nominated by the Contracting Parties to GATT;
- and the following persons appointed by the Board on the recommendation of the Secretary-General of UNCTAD;
- (iv) Mr. Salvador Peña Slane (Mexico), as a person particularly concerned with non-agricultural primary commodities;
  - (v) Mr. Isaiah Frank (United States of America), as a person of wide experience in the problems confronting countries undergoing development whose economies are primarily dependent on the production and international marketing of primary commodities;

(vi) Mr. D. I. Kostyukhin (Union of Soviet Socialist Republics), as a person particularly familiar with the problems of State's trading in primary commodities;

(vii) Mr. André Philip (France), as a person with special knowledge and experience in the problems relating to primary commodities in major consuming countries.

(g) DESIGNATION OF TWO INTER-GOVERNMENTAL BODIES FOR THE PURPOSE OF RULE 78 OF THE RULES OF PROCEDURE

At its 71st meeting on 7 February 1966 the Board decided to designate the Cocoa Producers Alliance and the Customs Co-operation Council for the purpose of participation in the deliberation of the Board and its subsidiary bodies, under rule 78 of the rules of procedure.<sup>a</sup>

---

<sup>a</sup> For the list of the inter-governmental bodies designated at the Board's second session, see *Trade and Development Board, Official Records, Second Session*, Supplement No. 1, "Other decisions".

# Annex B

## MEMBERSHIP OF COMMITTEES OF THE BOARD

### Committee on Commodities

<i>Membership 1966</i>	<i>Term of office expires on 31 December</i>	<i>Membership 1966</i>	<i>Term of office expires on 31 December</i>
Argentina .....	1967	Malaysia .....	1967
Australia .....	1968	Mali .....	1968
Austria .....	1967	Mauritania .....	1968
Belgium .....	1967	Morocco .....	1967
Bolivia .....	1968	Netherlands .....	1968
Brazil .....	1966	New Zealand .....	1967
Bulgaria .....	1968	Nigeria .....	1966
Cameroon .....	1967	Peru .....	1967
Canada .....	1966	Philippines .....	1968
Ceylon .....	1966	Poland .....	1968
Colombia .....	1966	Republic of Viet-Nam .....	1967
Costa Rica .....	1968	Romania .....	1967
Cyprus .....	1968	Saudi Arabia .....	1967
Czechoslovakia .....	1967	Senegal .....	1968
Dahomey .....	1966	Spain .....	1966
Denmark .....	1966	Sudan .....	1968
Ecuador .....	1967	Sweden .....	1968
Federal Republic of Germany .....	1966	Syria .....	1966
France .....	1968	Thailand .....	1967
Ghana .....	1966	Turkey .....	1967
Hungary .....	1966	Uganda .....	1966
India .....	1967	Union of Soviet Socialist Republics .....	1966
Iran .....	1968	United Kingdom of Great Britain and Northern Ireland .....	1967
Iraq .....	1968	United Republic of Tanzania .....	1967
Ireland .....	1966	United States of America .....	1968
Italy .....	1966	Uruguay .....	1966
Japan .....	1967	Venezuela .....	1968
Madagascar .....	1966		

### Committee on Manufactures

<i>Membership 1966</i>	<i>Term of office expires on 31 December</i>	<i>Membership 1966</i>	<i>Term of office expires on 31 December</i>
Algeria .....	1966	Jamaica .....	1968
Argentina .....	1967	Japan .....	1966
Austria .....	1967	Madagascar .....	1966
Belgium .....	1966	Malta .....	1968
Brazil .....	1968	Mexico .....	1967
Bulgaria .....	1967	Morocco .....	1968
Canada .....	1968	Netherlands .....	1967
Chile .....	1966	Nigeria .....	1968
China .....	1968	Pakistan .....	1967
Congo (Democratic Republic of) .....	1966	Philippines .....	1967
Czechoslovakia .....	1966	Poland .....	1968
Denmark .....	1967	Republic of Korea .....	1966
Federal Republic of Germany .....	1966	Switzerland .....	1968
France .....	1967	Syria .....	1967
Ghana .....	1967	Uganda .....	1966
Greece .....	1967	Union of Soviet Socialist Republics .....	1966
Guatemala .....	1967	United Arab Republic .....	1966
Guinea .....	1968	United Kingdom of Great Britain and Northern Ireland .....	1966
Hungary .....	1968	United Republic of Tanzania .....	1968
India .....	1967	United States of America .....	1968
Ireland .....	1966	Uruguay .....	1966
Israel .....	1968	Yugoslavia .....	1967
Italy .....	1968		

### Committee on Invisibles and Financing related to Trade

<i>Membership 1966</i>	<i>Term of office expires on 31 December</i>	<i>Membership 1966</i>	<i>Term of office expires on 31 December</i>
Argentina .....	1968	Cameroon .....	1966
Australia .....	1967	Canada .....	1968
Belgium .....	1966	China .....	1967
Brazil .....	1966	Congo (Democratic Republic of) .....	1966

# Committee on Invisibles and Financing related to Trade (continued)

<i>Membership 1966</i>	<i>Term of office expires on 31 December</i>	<i>Membership 1966</i>	<i>Term of office expires on 31 December</i>
Czechoslovakia .....	1968	Republic of Korea .....	1966
Ecuador .....	1967	Republic of Viet-Nam .....	1968
El Salvador .....	1967	Romania .....	1968
Federal Republic of Germany .....	1968	Spain .....	1968
Finland .....	1967	Sudan .....	1967
France .....	1967	Sweden .....	1966
Ghana .....	1968	Switzerland .....	1966
India .....	1966	Trinidad and Tobago .....	1966
Israel .....	1967	Tunisia .....	1966
Italy .....	1968	Turkey .....	1967
Japan .....	1968	Uganda .....	1967
Kuwait .....	1968	Ukrainian Soviet Socialist Republic .....	1966
Lebanon .....	1966	Union of Soviet Socialist Republics .....	1967
Mali .....	1968	United Arab Republic .....	1968
Mexico .....	1967	United Kingdom of Great Britain and Northern Ireland .....	1966
Morocco .....	1968	United Republic of Tanzania .....	1967
Netherlands .....	1966	United States of America .....	1967
Peru .....	1968	Yugoslavia .....	1967
Poland .....	1966		

## Committee on Shipping

<i>Membership 1966</i>	<i>Term of office expires on 31 December</i>	<i>Membership 1966</i>	<i>Term of office expires on 31 December</i>
Argentina .....	1967	Kenya .....	1967
Australia .....	1967	Liberia .....	1967
Brazil .....	1968	Mali .....	1966
Canaria .....	1967	Mexico .....	1968
Central African Republic .....	1968	Morocco .....	1966
Ceylon .....	1967	Netherlands .....	1968
Chile .....	1967	New Zealand .....	1968
Colombia .....	1966	Nigeria .....	1967
Congo (Brazzaville) .....	1967	Norway .....	1968
Czechoslovakia .....	1967	Pakistan .....	1966
Dahomey .....	1968	Philippines .....	1966
Denmark .....	1968	Poland .....	1966
Federal Republic of Germany .....	1967	Republic of Korea .....	1968
France .....	1968	Romania .....	1968
Ghana .....	1968	Spain .....	1966
Greece .....	1966	Sweden .....	1966
Honduras .....	1967	Thailand .....	1968
Hungary .....	1966	Union of Soviet Socialist Republics .....	1968
India .....	1968	United Arab Republic .....	1967
Iran .....	1966	United Kingdom of Great Britain and Northern Ireland .....	1967
Iraq .....	1966	United States of America .....	1966
Italy .....	1966	Uruguay .....	1966
Japan .....	1967		

**Part Two**

**REPORT OF THE TRADE AND DEVELOPMENT BOARD  
ON ITS FOURTH SESSION**

*Held at the Palais des Nations, Geneva, from 30 August to  
24 September 1966*



## Chapter I

### REVIEW OF THE IMPLEMENTATION OF THE RECOMMENDATIONS OF THE CONFERENCE

#### (Agenda item 3)

1. In opening the fourth session of the Trade and Development Board<sup>1</sup> Mr. José Piñera (Chile), President of the Board, referred to the statement made by the Secretary-General of the United Nations at the recent session of the Economic and Social Council that even those recommendations of the first session of the United Nations Conference on Trade and Development which had been adopted unanimously had so far produced only very meagre results.

2. The President pointed out that the rate of increase of the gross national product of the developing countries had not exceeded 4 per cent between 1960 and 1964, a situation which virtually denied to these countries the right to minimum living standards.

3. While he recognized that the developing countries were now more effectively mobilizing their resources, he emphasized the need for a reform of their economic and social structures. For this purpose, the developing countries would still need external help. Unfortunately, such assistance appeared to have declined, particularly in comparison with the target set by the recommendation of the first Conference concerning "Growth and Aid".<sup>2</sup> Furthermore, the terms on which aid was being given were hardening. Yet the International Bank for Reconstruction and Development had recently estimated that the unfilled absorptive capacity of the developing countries had increased.

4. In referring to the "Review of International Trade and Development, 1966" (TD/B/82 and Corr.1; Add.1 and Corr.1; Add.2 and Corr.1-4; Add.3 and Corr.1 and 2; Add.4) submitted by the Secretary-General of UNCTAD, the President noted that the developments described therein would be discouraging to members of the Board. It was the Board's task to find the real causes for the lack of implementation of the recommendations of the Conference.

5. The 1964 Conference had high-lighted the fundamental causes of under-development. It would be the business of the next session of the Conference to concentrate on practical achievements, for it was by that criterion that UNCTAD would be judged. Among issues which he thought should be discussed at the second session of the Conference, he mentioned in particular a study of the effects of the technological revolution on the developing countries and a consideration of development planning problems in conjunction with the United Nations Committee for Development Planning, newly constituted to deal with this matter.

6. He warned that, if nations failed to help each other to live, it was possible and even probable that the living

standards of large segments of mankind would suffer catastrophically.

7. At the 93rd plenary meeting on 31 August 1966, the Secretary-General of UNCTAD made a statement<sup>3</sup> introducing the "Review" which he had submitted under agenda item 3.

8. In the ensuing discussion, all delegates expressed their appreciation for the "Review" and for the stimulating opening statements by the President and the Secretary-General of UNCTAD. The representatives of most of the developing countries and of the socialist countries of Eastern Europe who spoke in the debate gave their unreserved support to the analysis and general conclusions reached in the "Review". A number of them made suggestions designed to facilitate and improve the usefulness of future reviews. The representatives of some of the developing countries suggested that the Secretary-General of UNCTAD should be authorized to seek additional information from governments whenever he considered such information would be useful for the preparation of his review, and to circulate replies together with his own review at future sessions of the Board. It was noted that only 40 Governments had answered the request for information in connexion with the 1966 "Review". The representatives of a number of developed countries with market economies considered that the "Review" did not adequately reflect the actual progress that had been made. Furthermore, they considered that not enough attention was devoted in the "Review" to advances made by individual developing countries in recent years, particularly the substantial increase in exports of some developing countries. They questioned some of the methods of analysis or comparison used in the "Review", certain of the conclusions reached, particularly those drawn from the reduction of the imports of some developing countries, and also the use of some of the statistical and other data in certain contexts. The secretariat commented on some of these observations in statements which are reported in the summary record of the 104th meeting (TD/B/SR.104). The secretariat considered that over-all statistics and averages and general statements about the developing countries provided a valid framework for a significant analysis of many aspects of world trade and development, and stated that similar comparative studies were made by all the leading international economic and financial institutions. In the case of UNCTAD the secretariat had received a special mandate to attempt to identify those economic trends which appeared to have special relevance for the trade and development of the developing countries as a whole. However, delegations generally considered that the "Review" was in

<sup>1</sup> For a fuller report of the President's statement, see the summary record of the 92nd plenary meeting (TD/B/SR.92).

<sup>2</sup> *Proceedings of the United Nations Conference on Trade and Development*, vol. I, *Final Act and Report* (United Nations publication, Sales No.: 64.IIE.11), pp. 43 and 44, annex A.IV.2.

<sup>3</sup> The full text of the statement was circulated as document TD/B/103/Rev.1; it is also reproduced in annex C to this part of the present report.

conformity with the spirit and intent of resolution 19 (II) of the Board; it was stated that the criticisms offered had been made in a constructive spirit in the hope that they would help in the compilation of future reviews.

9. The representatives of some developed market economy countries stressed that the presentation of the "Review" implied that the main cause of the inadequate rate of economic growth of developing countries was the lack of implementation of recommendations of the first Conference; they considered that this approach did not adequately reflect the actual situation and that the "Review" should have placed more emphasis on the real economic, financial and social causes underlying that insufficient growth rate. On the other hand, representatives of developing countries considered that the recommendations of the first session of the Conference represented the foundations for a new and dynamic policy of world trade and development; in their view, the implementation of these recommendations was essential as a first step towards accelerating the rate of economic growth of developing countries and ensuring to them a larger and more active participation in world trade.

10. The representatives of some developed market economy countries and socialist countries of Eastern Europe recognized that the results in the economies of the developing countries in the period 1961 to 1965 had not been satisfactory, in spite of progress achieved in certain fields. The representatives of the developing countries noted this recognition.

11. In the course of the discussion on this item,<sup>4</sup> delegations took the opportunity in their statements to express views on a number of other items on the agenda, including items 5, 7, 9 and 10. These views are reflected in the pertinent chapters of this report (see chapters II, III, VI and VIII).

12. The representatives of a number of developing and developed countries expressed concern about the lagging rate of economic growth of most developing countries, as compared with the minimum target set for the United Nations Development Decade.

13. The representatives of a number of developed market economy countries urged that the developing countries should give urgent attention to the expansion of their food production. They noted that lagging food production was an important factor in the failure of many developing countries to achieve the minimum growth target of the Development Decade. Some of these representatives considered therefore that agriculture should receive priority in economic planning. The representative of one developed market economy country expressed the view that the domestic agricultural policies of the developed countries were, to a growing extent, the only short-term way of avoiding the prospect of famine in large areas of the world.

14. The representatives of some developing countries appreciated that while the developing countries themselves were primarily responsible for their own economic development, the international environment in which the effort to develop their economies was made, and particularly the policies of the developed countries relating to trade and development finance, were of crucial importance to their economic growth. They asked for a concerted programme of international action.

<sup>4</sup> For a fuller account of the debate, see the relevant summary records of the Board's proceedings (TD/B/SR.93-104).

15. The representatives of the developing countries stated that, within the scope of their limited resources, those countries were struggling hard to develop their economies and they considered that the unqualified criticisms made by some developed market economy countries of those efforts were unjustified; they explained that one of the important factors impeding the faster growth of those countries' economies was their inability to finance the imports required by their development plans.

16. The representatives of the developing countries pointed out that the share of these countries as a group in world trade continued to decline, despite their best endeavours to increase their exports. They pointed out that between 1960 and 1965 world exports had increased by 7.9 per cent, the exports of developed market economy countries by 8.6 per cent, while those of developing countries had increased by 6 per cent.

17. The representatives of the socialist countries of Eastern Europe stressed the dynamic character of the growth of their countries' trade with the developing countries, which was an important element in the improvement in the export results of some of the latter. They stated furthermore that their Governments expected the developing countries which had not yet done so to grant to them treatment not less favourable than that granted to developed market economy countries. In their view, the general normalization of trade on the basis of sovereign equality would also help to increase the trade of developing countries, but this normalization was being impeded by existing political conditions. In their view the objectives of UNCTAD could be pursued more effectively if the concept of universality with regard to the membership of UNCTAD was applied. They also deplored the policy adopted by "closed economic groupings" in Western Europe towards third countries, including socialist and developing countries, which these representatives regarded as a major obstacle to the normalization of trade. They urged that the principle adopted in this respect by the first Conference should be observed.

18. The representatives of the developed countries with market economies observed that the 6 per cent composite rate of growth in the total exports of the developing countries hid a more dynamic growth of these countries' exports of manufactures, which had averaged about 14 per cent during the period 1960-64. Moreover, they pointed out that these composite figures concealed a more favourable performance by certain developing countries. The representative of one developed market economy country stated, with reference to one of the regional economic groupings in Western Europe, that the grouping in question was playing a dynamic part in the development of world exports, including those of developing countries and of the socialist countries of Eastern Europe.

19. So far as trade policy was concerned, the representatives of developing countries considered that the instances of positive action by developed countries were both too few and too inadequate to have had a major impact on the trade and development of the developing countries. A number of these representatives expressed satisfaction with the trend of their countries' trade with the socialist countries in line with the relevant recommendations of UNCTAD. However, some of them stated that certain forms of multilateralization might further stimulate this trade.

20. The representatives of the developing countries regretted that as yet little progress had been made in the implementation of the recommendations of the first Conference, which had so far produced only isolated and limited measures by individual countries. They said, furthermore, that many developed countries still continued to take measures for stimulating uneconomic domestic agricultural production and the production of synthetics that competed with natural products, thus depriving developing countries of the opportunity to obtain a fair and reasonable share of world markets and to increase their share in the trade in the commodities in question. They further pointed out that barriers to commodity trade still remained.

21. The representatives of some developed countries with market economies pointed to a number of positive achievements resulting from actions taken by various member States, both developed and developing, in pursuance of the recommendations and other provisions of the Final Act of the first Conference, including a growing awareness in the world of the problems of developing countries, and of their importance and complexity; the achievement of a growth rate of 6 per cent in the total exports of the developing countries during the first half of the Development Decade, with exports of manufactures and semi-manufactures far exceeding this figure; an increase of over \$1 billion in 1965 in the flow of capital to the developing countries; the inclusion of a new part IV in the General Agreement on Tariffs and Trade; the opportunities offered in the Kennedy Round for developing countries to improve their access to the markets of developed countries; and the export promotion services now available to developing countries through the GATT International Trade Centre. Despite these and other achievements, however, these representatives considered that greater efforts were required from all countries.

22. It was generally recognized that the regional economic integration of the developing countries was desirable for their economic development, and that some progress had already been made in this direction.

23. The representatives of a number of developing countries noted with disappointment that their countries' exports of primary commodities were still impeded by protectionist or discriminatory measures on the part of developed countries. Moreover, the recommendation concerning standstill<sup>6</sup> was not being observed in all cases. The failure to arrive at an agreement on cocoa<sup>6</sup> was viewed with great concern, as was the lack of success in negotiations for the renewal of the international Sugar Agreement.

24. The representatives of the socialist countries of Eastern Europe sympathized with the desire of developing countries that UNCTAD should explore ways and means of remedying the damage caused to their markets by fluctuations in prices and demand. Work on the preparation of a general agreement on international commodity stabilization arrangements should be speeded up. Long-term bilateral arrangements were a useful means of guaranteeing to developing countries more stable returns for their exports of primary commodities.

25. The representatives of the developed countries with market economies and of the socialist countries of

Eastern Europe stated that their Governments were willing to co-operate in schemes dealing with primary commodity problems and in particular to work for the successful negotiation of commodity agreements, where appropriate. Some of them stressed the importance which they attached to the definition and application of the principal elements of a primary commodity policy with a view to solving the fundamental problem of the export earnings of the developing countries.

26. Many representatives expressed the hope that negotiations on a cocoa agreement would be resumed before the end of 1966, and that such an agreement would encourage further efforts to conclude appropriate commodity agreements.

27. With regard to the question of exports of manufactures, the representatives of the developing countries pointed out that these countries' share in world trade in manufactures was only 5 per cent and had not increased in recent years. They indicated that the rate of growth of exports of their manufactures and semi-manufactures was not yet satisfactory. The representative of a developing country pointed out that the imports of some manufactures into certain developed countries with market economies from certain developing countries were possible due to reciprocal preferential trading arrangements. Representatives of several developing countries also expressed serious doubt that the Kennedy Round of trade negotiations under the auspices of GATT would produce results commensurate with the needs of their countries for a substantial increase in their earnings from exports of manufactured and semi-manufactured products; even a successful conclusion of the negotiations would leave tariffs affecting their exports at a higher nominal level than those affecting the trade of developed countries with one another, and the relative disparity in effective tariffs would be even greater. They expressed concern about the effect of the "exceptions lists" on their countries' trade and hoped that the items of export interest to the developing countries would be removed from the "exceptions lists" tabled by the developed countries. They stated that in these negotiations the developed market economy countries had not accorded the high priority to the products of the developing countries called for by the relevant recommendations of the first session of the Conference. The problems posed by continued quantitative restrictions applied by developed countries to exports of developing countries, some of which were inconsistent with the international obligations of the developed countries, especially of cotton textiles (which in one case had even been intensified), further reduced the developing countries' prospects of increasing their export earnings. The representative of the developed country concerned pointed out that the imports of cotton textiles into his country from developing countries represented 35 per cent of total domestic consumption.

28. The representatives of a number of developing countries regretted that a system of general and non-discriminatory preferences in favour of products from developing countries had not become a reality. Some warned against the spread of selective, vertical preference arrangements that discriminated between developing countries.

29. The representatives of the socialist countries of Eastern Europe mentioned the intentions of their Governments to increase imports, particularly imports of manufactures, from the developing countries and stressed the present rapid growth of imports of products

<sup>6</sup> *Proceedings of the United Nations Conference on Trade and Development*, vol. I, *Final Act and Report* (United Nations publication, Sales No.: 64.II.B.11), annex A.II.1, part II A, para. 2.

<sup>6</sup> See also chapter VII below.

from those countries. They also drew attention to agreements which their countries had concluded with developing countries to help them to expand their output and exports of industrial goods.

30. The representatives of many developed market economy countries referred to the Kennedy Round as evidence of their countries' willingness to provide wider access to the exports of developing countries, and considered that the "Review" had under-estimated these prospects. The representative of one developed country mentioned his country's recently introduced programme of tariff preferences in favour of developing countries which had greatly stimulated the interest of importers in buying from these countries; a substantial increase in trade was to be expected. The representative of another developed country warned that a preferential system that did not take into account differences in economic strength among developing countries would have harmful effects.

31. The representatives of many developing countries stated that external financial assistance had levelled off in recent years and in terms of percentage of gross national product of the developed countries had declined. This trend would delay still further the attainment of the 5 per cent growth target for the Development Decade. They referred to the figures in the "Review" showing that the developed countries had moved further away from the goal of 1 per cent contained in the "Growth and Aid" recommendation with respect to the transfer of financial resources to the developing countries. The servicing of debts imposed a heavy burden on their meagre foreign exchange receipts; the burden had become so great in some developing countries that the debt service absorbed a considerable share of the financial assistance they received. A situation might soon arise in which some developing countries would have to borrow merely to service their debts. Lower interest rates and longer maturity periods were required to ease the debt burden of developing countries.

32. The representatives of the socialist countries of Eastern Europe mentioned the numerous economic, scientific and technical agreements they had concluded with developing countries, including agreements concerning the granting of credits for economic and technical assistance and for the training of personnel. They stressed that in the case of socialist countries, their total aid to developing countries should be viewed in the context of their ability to provide such aid, taking into account also their foreign exchange position.

33. The observer for the International Union for the Protection of Industrial Property outlined the programme which his organization was conducting for the benefit of developing countries in implementation of the recommendation contained in annex A.IV.26 of the Final Act of the first session of the Conference, and indicated that the advice and assistance of his organization would be available in this regard to any country, whether a member of his organization or not.

34. The representatives of the developed market economy countries pointed out that total financial resources transferred to developing countries by members of the Development Assistance Committee of the Organization for Economic Co-operation and Development had actually risen by more than \$1 billion in 1965, as compared with the 1964 figure, to a total of more than \$10 billion, and that this increase had been achieved despite persistent balance-of-payments pressures on cer-

tain donor countries. They recognized, however, that this increase in the volume of development assistance was still insufficient to meet the development requirements of developing countries.

35. On the subject of shipping,<sup>7</sup> the representatives of developing countries expressed concern about the rising trend in freight rates, as well as about the decline of the merchant fleets of the developing countries in relative terms and their stagnation in absolute terms, all these being factors adversely affecting the capacity of their exports to compete in world markets.

36. The representative of one socialist country of Eastern Europe considered that great progress had been made in the Committee on Shipping and that the implementation of the Committee's programme of work would make it possible for the second session of the Conference to discuss shipping problems on more explored ground.

37. The representatives of many developed countries stated that an encouraging degree of consensus had been reached in the field of shipping. Some representatives had reservations on the chapter of the "Review" dealing with shipping, especially with regard to the basis taken for comparing trends in the ownership of shipping resources and to the emphasis given to the freight-rate issue.

38. Turning to the future, and to the tasks of the second session of the Conference in particular, many delegations spoke of the necessity of engaging in actual negotiations with a view to achieving concrete results. The desirability of a broad educational public-relations effort so as to enlist public support for the endeavours of UNCTAD was stressed.

39. The representatives of all developing countries members of the Board pointed to the need for urgent action on the part of developed countries, so as to ensure the success of the second session of the Conference, lest the momentum generated by the establishment of UNCTAD be lost. They urged that action should be taken by the developed countries, in pursuance of the recommendations adopted at the first Conference, before its second session. Such action was necessary if the unsatisfactory growth rate of developing countries was to be raised to an acceptable level.

40. Representatives of some socialist countries of Eastern Europe stressed the need to make all possible efforts before the second session of the Conference with a view to implementing the recommendations of the first before the second session. The delegation of one of these countries considered that more work should be done to prepare international commodity stabilization arrangements. The representative of another socialist country of Eastern Europe suggested that careful attention should be given to the problems of training national officials of developing countries in the legal and technical aspects of international trade, and to new forms of industrial and technical co-operation between developed and developing countries. The representatives of all socialist countries of Eastern Europe stressed the importance of the acceptance and implementation by all countries of the set of principles adopted at the first session of the Conference.

41. The representatives of some developed countries indicated the problems requiring most urgent attention. Several of these representatives stated that high priority

<sup>7</sup> See also chapter IX below.

should be accorded to the intensification of co-operation among developing countries themselves, including further integration of their economies and the elaboration of regional trading arrangements. In view of the increasing burden of food imports on the foreign exchange resources of many developing countries, they considered that the agricultural sector of these countries deserved a higher priority than it had received hitherto. The representatives of some developed countries furthermore suggested that the following items should receive special attention: the stabilization of commodity prices, particularly through buffer stocks; supplementary financial measures; preferential measures for the admission of exports of manufactures and semi-manufactures from developing countries; reduction or elimination of tariffs or other barriers to exports of products of interest to developing countries; and the furtherance of exports from developing countries by means of trade promotion. The representative of one developed country urged UNCTAD to determine the principles for the granting of aid, in order to make better known the needs of the developing countries, the efforts required and the results sought.

42. On behalf of the group of 31 developing countries, the following memorandum was introduced by the representative of Yugoslavia, who expressed regret that it had not been possible for the Board to agree on the text of a joint resolution on the review of the implementation of the recommendations of the Conference. This representative further stated that this memorandum had been originally produced by the group of 31 as a basis for negotiations with the developed countries with the aim of arriving at an agreed recommendation by the Board on the subject of their implementation. As this had not proved possible, he informed the Board that the group of 31 were submitting their views in the form of a memorandum and expected that the members of the Board would give these views the necessary consideration and respond positively.

**"Memorandum on the implementation of the recommendations of the first United Nations Conference on Trade and Development submitted by the group of 31 developing countries members of the Trade and Development Board<sup>8</sup> to the members of the Board**

"1. The review of the implementation of the recommendations of the first United Nations Conference on Trade and Development on the basis of the first report of the Secretary-General (TD/B/82 and addenda and corrigenda) has thrown into sharp relief the following, among other, facts relating to the economic growth and development of the developing countries:

- "(i) The economic growth rate of the developing countries at the mid-point of the Development Decade is only about 4 per cent per annum and is well below the *minimum* 5 per cent target for the Decade;
- "(ii) The share of the developing countries in world trade has declined;
- "(iii) The recommendations of the first Conference have not been implemented either adequately or in a concentrated manner and have so far resulted only in isolated and limited measures by individual countries;
- "(iv) The tariff and non-tariff barriers in developed countries to exports of primary commodities, proc-

essed and semi-processed primary commodities, and manufactures and semi-manufactures of the developing countries have substantially remained unchanged since the first Conference and in some cases have even been raised and tariff differentials on primary and processed forms of these products existing at the time of the Conference are being continued; thus failing to give the high priority recommended to the elimination or reduction of tariff and non-tariff barriers to the trade of developing countries;

- "(v) The many intensive efforts to conclude an international commodity arrangement for cocoa or to renew the international sugar agreement have not been successful although the two commodities have been identified as those in which the market situation gives rise to serious concern and requires priority attention;
- "(vi) The developed countries still continue to take measures for stimulating uneconomic domestic agricultural production and competing natural products thus depriving developed countries of the opportunity to obtain a fair and reasonable share of world markets and the growth of these markets in these commodities;
- "(vii) The system of general and non-discriminatory preference in favour of products from the developing countries has not been implemented. Only one developed country has partially responded to the proposal of developing countries;
- "(viii) The flow of financial assistance from developed to the developing countries has levelled off in recent years and has declined from 0.85 per cent of the national income of the developed countries in 1961 to 0.63 per cent of the national income of these countries in 1964 thus delaying still further the realization of the 1 per cent target for the United Nations Development Decade;
- "(ix) The heavy burden of debt servicing in developing countries has increased considerably and, in many cases, has reached grave proportions and accounts for a considerable part of the financial assistance these countries currently receive;
- "(x) The terms and conditions of international financial assistance have, with very few exceptions, shown no marked improvement by lower interest rates and longer maturity periods to help alleviate the debt burden of developing countries as well as by untied assistance to make its utilization more effective.

"2. To strengthen further the international co-operation in trade and development which began so hopefully with the establishment of UNCTAD and to accelerate the rate of economic growth of the developing countries, more intensive and concerted measures are needed to implement the recommendations of the first Conference. It is therefore recommended that the developed countries should, as a short term programme of implementation, take immediate action between now and the opening of the second Conference as follows:

- "(i) Urgent action to conclude international commodity arrangements on cocoa and sugar;
- "(ii) Strict observance of the standstill recommendation;
- "(iii) The highest priority be given to the reduction or elimination of tariff and non-tariff barriers to the trade of products in their natural, semi-processed or processed form and in semi-manufactures and manufactures; such action should accord priority to products of interest to developing countries, and include the immediate application of tariff cuts on these products, and the consolidation of temporary suspensions on a permanent basis;

- "(iv) An affirmation of the importance to the trade of developing countries of a scheme of general and non-discriminatory preferences and immediate action to co-operation in taking practical steps to

<sup>8</sup> Submitted by Argentina, Bolivia, Brazil, Cameroon, Ceylon, Chile, Congo (Democratic Republic of), Dahomey, Ecuador, El Salvador, Ethiopia, Ghana, Guinea, Honduras, India, Indonesia, Iran, Iraq, Lebanon, Madagascar, Mali, Mexico, Morocco, Nigeria, Pakistan, Philippines, United Arab Republic, United Republic of Tanzania, Uruguay and Yugoslavia.

institute such a scheme taking into account the existing transitory arrangements;

- "(v) Take positive measures to implement the 'Growth Aid' recommendation and thus augment the flow of financial assistance to the developing countries up to the 1 per cent target;
- "(vi) Immediate steps be taken to alleviate debt burdens of developing countries, and particularly of those countries where debt servicing accounts for a considerable proportion of the current inflow of foreign financial assistance by, in appropriate cases, re-scheduling these debts;
- "(vii) Instituting a system of non-project and untied loans at low interest rates with long periods of maturity and, where possible, interest-free loans with long periods of maturity;
- "(viii) Co-operating in formulating a practical scheme of supplementary finance on the basis of the scheme worked out by the International Bank for Reconstruction and Development and taking into account the discussions in the Committee on Invisibles and Financing related to Trade.

"3. The Secretary-General is requested to bring to the attention of the Committees established by the Trade and Development Board of UNCTAD the relevant sections of his 'Review' and the discussions on the 'Review' at this session of the Board so that these matters may be considered in detail by the Committees concerned and practical schemes be evolved to deal with the relevant problems and issues. Studies should be made on (i) tariff re-structuring (ii) structural adjustments (iii) assured off-takes (iv) growth and assistance targets for the 70s."

43. The representatives of a number of developing countries expressed their support of the memorandum. While they regretted the failure to reach agreement on a common resolution, they felt that a clear statement of their position and its transmission to all members of the Board for their consideration and response was necessary at this time in connexion with the preparatory work for the second session of the Conference. In their view the first part of the memorandum reflected their countries' disappointment over the lack of implementation of the recommendations of the Conference, whereas the second part charted a constructive course of action

which would, it was hoped, find a positive response among the developed countries.

44. The representatives of several developed countries also expressed regret that it had not been possible to reach a consensus. In their view the first part of the memorandum submitted by the group of 31 did not present the relevant considerations in a sufficiently balanced manner to make it possible for them to agree to it. While it might contain some ideas on which there might be some measure of agreement, it would need to be supplemented by many other points in order to represent a full account. With respect to the second part of the memorandum, this was formulated in a way which could not command their agreement. These representatives stressed that failure to reach agreement on a joint text did not indicate lack of concern on the part of the developed countries about the problems of the developing countries. In their view, the differences separating the positions of the developing countries on the one hand, and of the developed countries on the other, were not differences of objective.

45. The representatives of several developing countries welcomed the statements made by representatives of developed countries which indicated that the latter shared the deep concern over the present situation and indicated a desire to contribute to its improvement.

46. The Board decided in pursuance of paragraph 6 of resolution 19 (II) to request the Secretary-General of the Conference to bring to the attention of the Committees of the Board the report entitled "Review of International Trade and Development, 1966" as well as the summary records of the discussions on agenda item 3 at the fourth session of the Board and the report of the Board on that session, so as to enable the Committees to review and assess the implementation of the recommendations of the first session of the Conference in accordance with their terms of reference and to consider the line of further action necessary to facilitate their task of assisting the Board in the preparation of the second session of the Conference.

## Chapter II

### SECOND SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT: OBJECTIVES, AGENDA AND PROGRAMME OF PREPARATORY WORK

#### (Agenda item 10)

47. At its third session the Board decided that the Secretary-General of UNCTAD should hold consultations with the Governments of the States members of UNCTAD and with the regional economic commissions of the United Nations on the basis of a tentative list of items for possible inclusion in the agenda of the second session of the Conference in 1967 and, in the light of these consultations, to prepare for the fourth session of the Board a draft of the provisional agenda for that Conference.<sup>9</sup>

48. At its third session the Board in addition adopted resolution 27 (III) by which it requested the Secretary-General of UNCTAD to prepare for the fourth session a report on offers received from Governments to act as host to the second session.

49. In conformity with the decision and resolution referred to in the preceding two paragraphs the Secretary-General of UNCTAD submitted two reports to the Board at its fourth session (TD/B/86 and 79 and Corr.1 and Add.1).

50. At the opening (92nd) meeting of its fourth session the Board, in pursuance of the decision taken at its third session, appointed a sessional committee (the "First Sessional Committee") to consider item 10 and to report to the Board. An account of the Committee's deliberations is set forth below.<sup>10</sup>

#### DELIBERATIONS IN THE FIRST SESSIONAL COMMITTEE

51. The Sessional Committee had before it the following documents:

Note by the Secretary-General of the Conference concerning subjects for the draft provisional agenda (TD/B/86); report by the Secretary-General of the Conference on the possible site of the second session (TD/B/79 and Corr.1); statement by the Secretary-General of the Conference concerning the financial implications arising from the choice of site (TD/B/79/Add.1); note by the ECAFE secretariat on recent discussions in ECAFE on UNCTAD (TD/B/95); note by the secretariat of ECE on the work of ECE since August 1965 on problems of concern to the trade and development board (TD/B/99); note by the ECLA secretariat on recent activities of ECLA in regard to questions connected with UNCTAD (TD/B/101/Rev.1); note by the ECA secretariat on recent discussions in ECA on UNCTAD (TD/B/104); technical and specialized staff for foreign trade, including trade techniques, export promotion, trade publicity, finance and banking techniques, and international transport and insurance, communicated

by the Head of the Romanian Delegation (TD/B/SC.5/L.1); draft provisional agenda for the Second Conference, submitted by Argentina, Bolivia, Brazil, Cameroon, Ceylon, Chile, Congo (Democratic Republic of), Dahomey, Ecuador, El Salvador, Ethiopia, Ghana, Guinea, Honduras, India, Indonesia, Iran, Iraq, Lebanon, Madagascar, Mali, Mexico, Morocco, Nigeria, Pakistan, Philippines, United Arab Republic, United Republic of Tanzania, Uruguay and Yugoslavia (TD/B/SC.5/L.2); draft provisional agenda for the Second Conference submitted by Bulgaria, Czechoslovakia, and the USSR (TD/B/SC.5/L.3).

52. The Committee decided that it would first hear general statements on the objectives of, and programme of preparatory work for, the second session of the Conference; that it would then consider the agenda in detail; and that finally it would discuss the venue, date and duration of that session.<sup>11</sup>

53. In considering the objectives of the second session of the Conference, the Committee took as its point of departure the broad consensus reached at the Board's third session that the next Conference should concentrate on fundamental and specific goals, that it should essentially seek to achieve practical results and concrete agreements, by means of negotiation wherever this appeared appropriate, and that it should be selective in its approach. In this connexion, the Committee took into account the summary given by the President of the Board of his understanding of the main trend of discussion, as embodied in the report on that session.<sup>12</sup>

54. It was generally agreed that, within this context, the Secretary-General of UNCTAD, in complying with the mandate conferred upon him at the third session of the Board to undertake certain preliminary steps in preparation for the second session of the Conference<sup>13</sup> had, in his note on subjects for the draft provisional agenda (TD/B/86), prepared in the light of replies received from Governments of States members of UNCTAD, provided the Board with a satisfactory basis for the preparation of the draft provisional agenda. The Committee also heard a statement by the Secretary-General of UNCTAD (subsequently issued as document TD/B/SC.5/1), in which he provided background information and clarification on the subjects he had mentioned in his note.

#### OBJECTIVES AND PROGRAMME OF PREPARATORY WORK

55. In the course of general statements and discussions, the view was widely expressed that the second

<sup>9</sup> See paragraph 73 below.

<sup>12</sup> TD/B/66, para. 93. See part one, paragraph 93, of the present report.

<sup>13</sup> *Ibid.*, paras. 94 and 95.

<sup>10</sup> See part one, paragraphs 94 and 95, of the present report.  
<sup>11</sup> For a fuller account of the Committee's proceedings, see its summary records (TD/B/SC.5/SR.1-14).

session of the Conference should be regarded as a continuation of the first, and as a forum for the examinations of major issues of trade and development. At the same time, it should not only take up where the first session of the Conference ended, but should build upon the former's achievements. A large number of delegations also expressed the view that emphasis should be given to ways and means of implementing the recommendations adopted by the 1964 Conference. In referring to the second session of the Conference a number of delegations suggested the following objectives: reviewing objective, negotiation objective and prospective objective, i.e., exploration of prospects for future action. In this respect it was felt that special attention should be given to the solution of problems already identified and susceptible of practical action, and to the consideration and study of matters which, while not yet ripe for negotiation, were of fundamental importance to the developing countries and to the future work of UNCTAD. Certain delegations considered that one of the overriding objectives of the Conference should be to promote the reshaping and normalization of trade in all its flows by the removal of existing obstacles and discriminatory practices.

56. Many delegations considered that the review of developments that would form one of the main goals of the second session of the Conference should be comprehensive, covering salient trends and problems in world trade and development, the degree of progress in the implementation of the recommendations of the first Conference, and the prospects for developing countries in the light of long-term world economic potentialities. Several delegations considered that the review should pay particular attention to the reasons for the lack of progress in implementing the recommendations of the 1964 Conference.

57. On the question of negotiation during the second session of the Conference, a large number of delegations voiced support for the concept that, through synchronized and convergent action on the part of the developed and developing countries, the conditions should be created for negotiations on specific and selected matters of immediate interest to the developing countries, in order to arrive at agreement on appropriate programmes of practical action.

58. With regard to the prospective objectives, several delegations expressed the view that concerted action should be taken, with a view to identifying and studying important issues either insufficiently discussed hitherto, or not yet considered ripe for negotiation. Some delegations also stated that it would be desirable to consider matters where fundamental differences of opinion had revealed themselves at the time of the first session of the Conference, for the purpose of eliminating or reducing the areas of disagreement.

59. In the context of the reviewing, negotiating and prospective objectives of the Conference, different delegations expressed their respective views on matters in which they were particularly interested or which they considered were suitable for consideration at the second Conference. Among such matters were:

(a) Measures to be taken for the implementation of the recommendations of the first session of the Conference, including the principles of international trade and trade policies conducive to development; the role of both developed and developing countries in trade expansion and in economic integration among developing

countries; trade relations among countries with different economic and social systems; measures to be taken in favour of the least-developed among the developing countries; and the impact of regional economic groupings of developed countries on international trade;

(b) In the field of primary commodities: the main elements of commodity policy, including market stabilization; the removal of tariff and non-tariff barriers and fiscal charges; the elimination of domestic protectionist policies; buffer stocks and their financing; and the financing of diversification programmes;

(c) In the field of manufactures and semi-manufactures: the reduction or elimination of tariff and non-tariff barriers on items of particular export interest to the developing countries; the revision or readjustment of the tariff structures of the developed countries concerning such items of export interest; the elimination of tariff differentials applied by developed countries to imports of commodities in primary and processed forms; duty-free or preferential entry of exports from developing countries; structural adjustments in the developed countries to permit assured and increased off-takes of exports from developing countries; the establishment and expansion of export-oriented industries in the developing countries; technical and financial co-operation in export promotion measures for developing countries; and arrangements for the re-organization of the existing international division of labour;

(d) In the sphere of development finance and aid: the implementation of the relevant UNCTAD recommendations; the terms and conditions of aid; problems of the debt-servicing burden of developing countries; basic and compensatory financing and supplementary financial measures; international monetary reform and international liquidity; measures to increase the flow of public and private capital to developing countries; the mobilization of the internal resources of developing countries; and the establishment of targets for the next decade on the basis of trade and development requirements of the developing countries;

(e) In the field of invisibles, including shipping: shipping problems, especially in the establishment of merchant marines; improvement of port facilities; promotion of tourism;

(f) Technical assistance activities: training of personnel in foreign trade techniques and in merchant marine and port operation.

60. There was general agreement that progress made at the second session of the Conference should, wherever necessary, be continued within the framework of the continuing machinery of UNCTAD, or, as appropriate, by other suitable means, for the purpose of reaching agreed conclusions.

61. Regarding the programme of preparatory work, it was generally agreed that there should be no "action gap" between the present session of the Board and the second session of the Conference, and that the process of preparation should be a continuous one. To this end, an immediate start should be made by States members, both at the national level and through bilateral and regional inter-governmental discussion, among developing countries and between developing and developed countries.

62. It was also agreed that the secretariat should likewise begin preparatory work at once, in the light of the guidance given by the Board and its subsidiary bodies meeting in the interim, and in co-operation

wherever possible with the regional economic commissions and other appropriate international organizations.

63. On the question of finalizing the provisional agenda, it was felt that a flexible attitude should be maintained, so as to take account of developments in the period before the Conference, and that it would be desirable for the Board, at its fifth session, to review the situation, as reflected in the reports of its subsidiary bodies and on the basis of any other available knowledge. Many delegations expressed the view that in the course of further preparations, efforts should be made to focus the work of the Conference on those issues on which real progress could be expected. While agreeing that such efforts should be made, many other delegations nevertheless expressed the view that due importance should be attached to one of the objectives of the Conference, namely the study of matters which, while not yet ripe for negotiation, were of fundamental importance to the developing countries and to the work of UNCTAD. Some delegations suggested that the Board might consider setting up an inter-sessional committee at the fifth session to ensure adequate preparations for the second session of the Conference.

64. Stress was laid on the need for submission of key documentation by the secretariat to Governments at least two months before the opening date of the Conference to enable them to be fully informed of the subjects before the Conference. Against the background of the Secretary-General's statement concerning the timely and adequate preparation of the necessary documentation for the Conference, a number of delegations expressed the opinion that the Committees of the Board and the United Nations regional economic commissions should be invited to bring to bear, before the fifth session of the Board, their views and expertise on those items of the draft provisional agenda that fell within their field of competence. In preparing the Conference documentation, the Secretary-General should take their views into account.

65. Several delegations expressed the wish that summaries of all lengthy documents be prepared and distributed in good time before the Conference. It was noted that the Secretary-General had stated his intention to bring his review of the implementation of the recommendations up to date for submission to the Conference. Mention was made of the desirability of including a handbook of UNCTAD statistics in the Conference documentation.

66. With regard to the organization of the Conference itself, one delegation expressed the view that arrangements should be made to allow bilateral and multilateral negotiations to be pursued during the meetings. Another delegation thought that provision should be made for senior officials to meet for a few days before the formal opening of the Conference to deal with organization and administrative matters.

#### CONFERENCE AGENDA

67. On the subject of the agenda, it was generally agreed, as noted above, that the list of subjects for the draft provisional agenda submitted by the Secretary-General of UNCTAD (TD/B/86) was acceptable as a satisfactory basis for the Committee's consideration of individual items.

68. The group of thirty-one developing countries, after expressing the desire for inclusion of additional

items in the Secretary-General's list, and for other modifications to it, submitted a draft provisional agenda for the second session of the Conference (TD/B/SC.5/L.2).

69. The delegation of Romania proposed the inclusion in the agenda of an item concerning technical and specialized staff for foreign trade, including trade techniques, export promotion, trade publicity, finance and banking techniques and international transport and insurance. The head of the Romanian delegation submitted an explanatory note on this proposal (TD/B/SC.5/L.1). The delegations of Bulgaria, Czechoslovakia and the USSR jointly submitted a draft provisional agenda for the second session of the Conference (TD/B/SC.5/L.3).

70. After some discussion, it was agreed that an effort should be made to work out a generally acceptable draft provisional agenda which should focus on the main concerns of UNCTAD, while reflecting to the maximum extent possible the wishes of different delegations and groups. It was also understood that this draft provisional agenda, as approved by the Board at its fourth session, might have to be adjusted by the Board at its fifth session to take account of significant developments between the two sessions and that, in any event, it was the Conference itself which would adopt the final agenda. The draft provisional agenda should provide necessary guidance to the Secretariat, to the Committees of the Board and to States members of UNCTAD in their preparatory work.

71. A contact group consisting of nineteen delegations<sup>14</sup> was established to draw up, in the light of the Secretary-General's list and the three above-mentioned proposals, a draft provisional agenda. The contact group was asked to submit this draft to the Committee for its consideration and approval.

72. The contact group held meetings from 19 to 23 September and reported back to the Committee with its proposals for a draft provisional agenda (TD/B/SC.5/L.5/Rev.1). The Committee subsequently approved the draft provisional agenda<sup>15</sup> and agreed to transmit it to the Board, with the request that, after approval, it be forwarded to all States members of UNCTAD, to the subsidiary bodies of the Board, to the regional economic commissions of the United Nations, and to the United Nations Economic and Social Office in Beirut, as a basis for the preparation of the second session of the Conference, and for such comments, observations or recommendations as they might wish to submit to the Board at its fifth session on the substance of the items in the draft provisional agenda.

#### VENUE, DATE AND DURATION OF THE CONFERENCE

73. The question of the place and date of the second session of the Conference was not discussed in detail by the Committee. It was decided to leave this matter to the Board for consideration and decision. The Committee expressed its appreciation to the Government of India for the offer to act as host to the Conference.

<sup>14</sup> Brazil, Bulgaria, Canada, Chile, Dahomey, France, India, Iraq, Mexico, Nigeria, Norway, Pakistan, Romania, Switzerland, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, and United States of America.

<sup>15</sup> One delegation expressed reservations on items II (c) and III(c) of the draft provisional agenda (see summary record of the Committee's fourteenth meeting (TD/B/SC.5/SR.14)).

*Approval of the report of the First Sessional Committee and of the draft provisional agenda for the second session of the Conference*

74. After some discussion, the Board at its 118th plenary meeting, on 24 September 1966, approved the First Sessional Committee's report. At the same meeting, the Board also approved unanimously the draft provisional agenda for the second session of the Conference as contained in document TD/B/SC.5/L.5/Rev.1 (subject to the omission of the foot-note to item IV (b)), the text of which is reproduced in annex A to this part of the present report.

*Venue, date and duration of the second session of the Conference*

75. At the 115th meeting of the Board, the representative of India referred to the offer made by his Government, in response to resolution 27 (III) of the Board, to act as host to the second session of the Conference, and he reiterated this offer to make facilities available for the Conference to be held in New Delhi.

76. Numerous delegations indicated their willingness to accept the offer of the Government of India and expressed their gratitude for its initiative.

77. The President proposed for the consideration of the Board the text of a decision which mentioned for the second session of the Conference the dates which had been suggested in the report of the Secretary-General of UNCTAD on the offer of the Government of India (TD/B/79), i.e., 5 September to 20 October 1967. This proposal was amended by the Board to leave open the exact dates, which could be decided by the General Assembly in the context of the calendar of United Nations meetings.

78. The text of the decision, which was adopted unanimously by the Board, reads as follows:

The Board considered the report of the Secretary-General of the Conference (TD/B/79) regarding the venue, date and duration of the second session of the United Nations Conference on Trade and Development in the light of General Assembly resolution 2085 (XX) of 20 December 1965 and its own resolution 27 (III). It decided to accept the offer of the Government of India of host facilities for the second session of the Conference and to recommend to the General Assembly that the Conference be held in New Delhi for a period of seven weeks beginning in September 1967, the exact date in that month to be decided by the General Assembly in the context of the calendar of United Nations meetings.

### Chapter III

## PROBLEMS ARISING IN TRADE RELATIONS BETWEEN COUNTRIES HAVING DIFFERENT ECONOMIC AND SOCIAL SYSTEMS

### (Agenda item 7)

79. Information relevant to this item was contained in the report prepared by the Secretary-General of UNCTAD in pursuance of resolution 19 (II) of the Board (TD/B/82 and addenda and corrigenda). Reference was also made to the note by the secretariat of the Economic Commission for Europe on the Commission's work since August 1965 on problems of concern to the Trade and Development Board (TD/B/99). Reference was made furthermore to the agreement reached at the Board's third session<sup>16</sup> regarding further action on this item. The first of the periodic reports by the Secretary-General of UNCTAD on this subject would be considered at the Board's fifth session, and therefore more comprehensive and substantive discussion on this item was deferred till then.

80. The Board discussed various aspects of the subject matter of this item. The representatives of several developed market economy countries and developing countries recognized the importance of trade between countries having different economic and social systems to the economies of the countries concerned.

81. Representatives of the socialist countries of Eastern Europe emphasized that international trade flows were interdependent and that despite its recent growth "East-West" trade was still far below its potential, considered in relation to the size and advanced stage of development of the economies concerned. A substantial increase in this trade would not only benefit the partners concerned but would also stimulate the trade of the developing countries and help to reduce world tensions. But such an increase could not be realized without serious international efforts, and the problems of "East-West" trade were therefore among the most important to be dealt with by UNCTAD. The representative of one developing country, although not disagreeing with this point of view, expressed his concern that a rapid expansion of trade between developed countries with market economies and socialist countries might be detrimental to the expansion of trade opportunities for the developing countries if special measures were not adopted. The representative of one developed country with a market economy expressed the view that UNCTAD should concentrate on the problems of trade between the socialist countries of Eastern Europe and the developing countries, rather than on those of trade between industrialized countries.

82. The representatives of a number of developed as well as developing countries commented on recent favourable trends in the volume and diversification of trade between countries having different economic and social systems. In this context, special attention was drawn to the trade-promoting effects of industrial co-operation and long-term agreements.

83. The representatives of the socialist countries of Eastern Europe pointed out that the reasons why their

trade with countries with developed market economies was below its potential were the discriminatory policies employed by a number of the latter. They stressed that trade relations should be normalized, that discriminatory measures should be removed, that the most favoured-nation clause should be applied and the maintenance of a fair degree of stability in trading conditions should be assured; for their part, they declared that their Governments were ready to co-operate to this effect.

84. The representatives of a number of developing countries and socialist countries of Eastern Europe called for the application of UNCTAD's General Principle Two contained in the Final Act of the 1964 Conference.

85. The representatives of some developed countries with market economies pointed to the liberalization measures introduced by them. The representatives of some developed market economy countries stated that their countries accorded most-favoured-nation treatment to socialist countries of Eastern Europe. They further drew attention to the steady increase in the trade between their countries and the socialist countries of Eastern Europe and to the conclusion of agreements for economic and technical co-operation which would not fail to exert a favourable influence on such trade.

86. The representatives of a number of socialist countries of Eastern Europe expressed the wish that UNCTAD should contribute effectively to the solution of the problems posed by this trade. The efforts undertaken in this connexion within the framework of the Economic Commission for Europe were also mentioned and reference was made to the concrete proposals, put forward by a number of these countries, to eliminate administrative, economic and trade-policy obstacles in "East-West" trade. These representatives were confident that, once unanimity on these proposals was reached, joint efforts would leave the road free for a broadening and development of such improved trade relations.

87. Many of the delegations who spoke in the debate on this item emphasized the importance of, and their countries' interest in, the first periodic report to be prepared by the Secretary-General of UNCTAD for the fifth session of the Board on the problems of trade between countries having different economic and social systems. The hope was expressed that this comprehensive report would lead to an examination in depth of the problems and of possibilities of reaching practical solutions.

88. The representatives of several socialist countries of Eastern Europe and of developing countries urged that the question of trade relations between countries having different economic and social systems and, in particular, "East-West" trade be included in the agenda of the second session of the Conference.<sup>17</sup>

<sup>16</sup> See part One of the present report, paragraph 15.

<sup>17</sup> See also chapter II of this part of the present report.

## Chapter IV

### STEPS TO BE TAKEN TO ACHIEVE AGREEMENT ON PRINCIPLES GOVERNING INTERNATIONAL TRADE RELATIONS AND TRADE POLICIES CONDUCIVE TO DEVELOPMENT

*(See annexes A.I.1, A.I.2 and A.I.3 of the Final Act of UNCTAD, 1964)*

#### *(Agenda item 8)*

89. At its third session the Board had considered a draft resolution on this item (TD/B/L.74) proposed by the group of developing countries and supported by the socialist countries of Eastern Europe. It had been decided to defer a vote on the draft resolution until the fourth session of the Board.<sup>18</sup>

90. At the Board's fourth session, the representatives of the developing countries and of the socialist countries of Eastern Europe, both in their statements under item 8 and in conjunction with item 3 of the agenda, stressed the importance they attached to the set of principles embodied in the Final Act which should govern international trade relations. The representatives of several of the socialist countries of Eastern Europe stated that their Governments applied these principles in their actual trade relations and had incorporated them in their trade agreements. In their view, the broadest possible agreement on these principles and their application would greatly benefit international trade relations and constitute a guarantee for the successful work of UNCTAD in the future. They considered that the adoption of the draft resolution would contribute towards the achievement of agreement on the principles in question and was therefore most desirable.

91. The sponsors of the draft resolution explained, however, that they did not wish to press for a vote at the fourth session and suggested that the vote on the draft resolution should be postponed until the fifth session of the Board.

92. The representatives of the socialist countries of Eastern Europe pointed out that the second session of the Conference was to be concerned especially with concrete measures for the realization of the objectives of UNCTAD as laid down at the first Conference and proposed that it should therefore also deal specifically with steps to be taken to achieve the broadest possible agreement on the principles of international trade relations and trade policies conducive to development.<sup>19</sup> They also expressed their delegations' desire for active participation in all efforts aimed at achieving such an agreement.<sup>20</sup>

#### ACTION BY THE BOARD

93. At the Board's 111th plenary meeting on 21 September 1966 it was agreed that the vote on the draft resolution referred to in paragraph 89 above should be deferred until the Board's fifth session.

<sup>18</sup> For an account of the deliberations and the text of the draft resolution, see part One of the present report, chapter III.

<sup>19</sup> See also chapter II of part One of the present report.

<sup>20</sup> For a fuller account of the debate on this item see the summary records of the 106th and 111th meetings (TD/B/SR.106 and 111).

## Chapter V

### TRADE EXPANSION, ECONOMIC CO-OPERATION AND INTEGRATION AMONG DEVELOPING COUNTRIES

#### (Agenda item 17)

94. In connexion with this item the Board had before it a report by an expert committee appointed by the Secretary-General of UNCTAD (TD/B/68 and Add. 1-3) on "Trade expansion and economic co-operation among developing countries", and a report by the UNCTAD secretariat on "Trade expansion and economic integration among developing countries" (TD/B/85). In the opinion of the representatives who spoke in the debate, these documents constituted a very useful basis for deliberations on a particularly complex problem.

95. The representatives of the developing countries referred to the efforts their Governments were already undertaking in this field, and the representatives of countries members of regional economic groupings described the progress they were making. Though trade among developing countries as a whole had, between 1960 and 1965, increased much faster than in the previous five-year period, the representatives of the developing countries unanimously recognized that substantial additional efforts would be needed if the small share at present accounted for in world trade by the developing countries' trade with each other was to increase. They stressed the great importance of joint self-help efforts on the part of the developing countries to expand their trade with each other in a manner consistent with their development needs, but they added that action on these lines could not be a substitute for the action which the developing countries expected from the developed countries in conformity with the recommendations in the Final Act of the first Conference. On the other hand, they emphasized that the developed countries would play an important role by supporting the developing countries' efforts, particularly in connexion with regional integration and through corresponding international financial arrangements.

96. Most representatives, while stressing the desirability of expanding trade among developing countries in general, emphasized the particular usefulness of regional and sub-regional approaches and referred to the need for establishing larger than national markets as a basis for the industrialization and further development of the production potential of a large number of developing countries. In the view of the representatives of some developing countries, the possibilities for expanding inter-continental trade among developing countries should be explored further in future studies by the secretariat and by the regional economic commissions, and it was pointed out that the possibilities offered by the Kennedy Round negotiations for tariff concessions among developing countries on a most-favoured-nation or preferential basis should not be neglected. Moreover, the representatives of several developing countries emphasized that the less advanced of the developing countries should receive special consideration in trade expansion and integration efforts.

97. It was generally felt that the main responsibility for further progress in this field lay on the developing countries themselves, though it was pointed out by several speakers that the attitude of the developed countries could either facilitate or retard the developing countries' efforts.

98. The representatives of a number of developing countries referred to the great difficulties of expanding trade among developing countries in those cases where the imports from some developed countries enjoyed in some developing countries preferences favouring them as against imports from other developing countries. Some representatives urged, furthermore, that the conditions attached to financial assistance should be liberalized, at least to the extent that the developing countries receiving the assistance should be free to buy goods from other developing countries in cases where the latter could supply them. In addition, they suggested that the practices of the developed countries in the granting of financial aid should pay greater attention to the co-operative efforts of the developing countries among themselves.

99. Representatives who spoke in the debate were generally of the view that UNCTAD should endeavour to promote and facilitate further advances in this field. It was agreed that, on the basis of a detailed study of the documentation submitted, the full discussion of the subject matter should be deferred to the fifth session of the Board. With a view to preparing for this discussion and for the action to be taken at the second Conference, it was generally suggested that the regional economic commissions and the existing regional groupings should, with such assistance as may be necessary from the UNCTAD secretariat, study the documentation submitted and determine what suggestions for future action might be applicable to the circumstances of their particular areas.

#### ACTION BY THE BOARD

100. At its 114th plenary meeting on 23 September 1966 a draft resolution entitled "Trade expansion and economic integration among developing countries" (TD/B/L.97) was introduced by the representative of Mali on behalf of the sponsors (Argentina, Bolivia, Brazil, Cameroon, Ceylon, Chile, Congo (Democratic Republic of), Dahomey, Ecuador, El Salvador, Ethiopia, Ghana, Guinea, Honduras, India, Indonesia, Iran, Iraq, Lebanon, Madagascar, Mali, Morocco, Mexico, Nigeria, Pakistan, Philippines, United Arab Republic, United Republic of Tanzania, Uruguay and Yugoslavia). The representative of Uruguay made a statement in support of this draft resolution. The draft resolution was adopted unanimously by the Board at its 114th meeting.<sup>21</sup>

<sup>21</sup> For the text of the resolution as adopted see annex A to this part of the present report.

## Chapter VI

### REPORT ON THE UNITED NATIONS COCOA CONFERENCE

#### (Agenda item 9)

101. Since the Board's third session, the United Nations Cocoa Conference had met in New York from 23 May to 23 June 1966. The Conference had been preceded by a session of Working Party No. 1 (Prices and Quotas) held at Geneva in March. The Conference agreed that a suitable international agreement on cocoa should contain provisions relating to quotas, buffer stock mechanism, price range, regular income for the buffer stock, and diversion of structural surpluses of cocoa to non-conventional uses. While appreciable progress was made on several important issues, a number of major problems could not be resolved. The Conference requested the Secretary-General of UNCTAD:

- (i) To make arrangements for consultations, technical working groups, and subsequently the convening of a negotiating group to consider the possibilities of arriving at an agreement; and
- (ii) To reconvene the Conference not later than the end of 1966 if he considered that the results obtained in the preparatory work were satisfactory.

102. Under item 9 the Board had before it the report by the Secretary-General of UNCTAD on the results of the Conference (TD/B/81).

103. The Board considered the item at its 102nd, 104th, 105th and 108th plenary meetings.

104. The Secretary-General of UNCTAD, referring to his report on the results of the United Nations Cocoa Conference, 1966 (TD/B/81), felt that the conclusion of a satisfactory international cocoa agreement was feasible. He said that, despite appreciable progress on a number of major issues, divergences still remained on certain important problems, in particular the price-range within which cocoa prices should be stabilized; the operation and pre-financing of a buffer stock; and the control and supervision of the agreement. Informal consultations between the secretariat and representatives of consuming and producing countries were proceeding with the object of narrowing differences, and it depended on the outcome of those consultations whether the cocoa conference could be reconvened.

105. Though many delegations maintained that the outcome of the Cocoa Conference held in New York could not be considered a complete failure, all delegations participating in the discussion expressed concern and disappointment that the Conference had not succeeded in negotiating an agreement. The delegations of several cocoa-producing countries stated that the main reason for this lack of success had been the absence of the political will to conclude an agreement on the part of some important consuming countries. They further stated that during the Conference developing countries had made all the concessions possible within reason, whereas some consuming countries had not modified their positions sufficiently. In this connexion, reference

was made to the position taken by the delegation of one important consuming country on such issues as the minimum price level, the mechanism of the buffer stock and the pre-financing of the buffer stock. In addition, the representative of one producing country pointed out that some important consumer countries had been absent from the Conference in New York; he hoped that they would attend the next Cocoa Conference. The representative of another producing country stated that the Conference had not given priority to the most important problems, such as the fixing of prices and the financing of the buffer stock, but had dealt rather with the technical details of the proposed agreement.

106. Several representatives, noting the large measure of agreement achieved at the Conference, underlined the importance of solving as quickly as possible the outstanding problems enumerated by the Secretary-General in his opening statement. In addition, some delegations expressed the opinion that another problem to be dealt with was that of commitments by the developed countries to remove obstacles to the trade in and consumption of cocoa and cocoa products. The representatives of some developing and developed countries stressed that they did not want an agreement for its own sake, but an effective agreement which would contribute to the economic development of the countries concerned.

107. All delegations participating in the debate stated that their Governments were anxious to resolve the outstanding problems and to see that the Conference was resumed before the end of 1966. It was pointed out, however, that although the differences in the position of different countries had narrowed, an agreement would not be reached unless a greater effort were made by both consuming and producing countries.

108. At the Board's 108th plenary meeting on 17 September 1966 a joint declaration was submitted on behalf of the developing countries members of the Trade and Development Board (TD/B/106).

109. In the course of the debate the delegations of many developed market economy countries expressed their desire for a satisfactory international cocoa agreement and their sympathy with the objectives of the joint declaration. The representative of one of these countries stressed that an international cocoa agreement, if concluded, would be valuable, not only for its own sake, but also as an encouragement for the conclusion of other international commodity agreements.

#### ACTION BY THE BOARD

110. The Board agreed that the text of the joint declaration should be reproduced in an annex to its report on its fourth session.<sup>22</sup>

<sup>22</sup> See text of the joint declaration in annex B below.

## Chapter VII

### REPORT OF THE COMMITTEE ON MANUFACTURES AND REPORT OF THE GROUP ON PREFERENCES

#### (Agenda item 4)

111. Since the second session of the Board, the Committee on Manufactures had held the second part of its first session at Geneva from 28 February to 9 March 1966, when it considered a number of items not dealt with at the first part of the session and continued its consideration of others,<sup>23</sup> including measures for the expansion, diversification and promotion of exports of manufactures and semi-manufactures from the developing countries. The Committee decided to transmit to the Board, without comment, three draft resolutions which related respectively to tariff differentials, non-discriminatory preferences and the Kennedy Round negotiations and on which agreement could not be reached in the Committee.<sup>24</sup>

112. The Group on Preferences, the establishment of which had been recommended by the Committee and approved by the Board,<sup>25</sup> held its first session at Geneva from 26 July to 5 August 1966,<sup>26</sup> at which it considered, in particular, the question of granting and extending of preferences on manufactures and semi-manufactures in favour of developing countries.

113. Certain matters arising out of the report of the Committee on Manufactures on the first part of its first session were considered at the Board's third session,<sup>27</sup> in particular a draft resolution concerning the expansion of exports of manufactures and semi-manufactures of developing countries.

114. The Board had before it, under agenda item 4, the Committee's report on its resumed first session (TD/B/69), and the report of the Group on Preferences on its first session (TD/B/84). In addition the Board had before it the draft resolution referred to in the preceding paragraph, consideration of which had been postponed to the fourth session, and also a proposal by the Committee for the establishment of an *ad hoc* inter-sessional working party on timber and forest products, to be constituted as a joint UNCTAD/FAO body, for which the Board's approval was required (TD/B/90). Item 4 was referred to the Second Sessional Committee, an account of whose deliberations is given below.<sup>28</sup>

<sup>23</sup> Report of the Committee on Manufactures on its resumed first session (TD/B/69).

<sup>24</sup> For the text of the draft resolutions and the list of their sponsors, see *ibid.*, annex.

<sup>25</sup> *Official Records of the General Assembly, Twentieth Session, Supplement No. 15 (A/6023/Rev.1)*, part Two, chapter V, paras. 65-68 and 73.

<sup>26</sup> Report of the Group on Preferences on its first session (TD/B/84).

<sup>27</sup> See part One of the present report, chapter VIII.

<sup>28</sup> The proceedings of the Second Sessional Committee are reported in its summary records (TD/B/SC.6/SR.1-11); see also this Committee's report to the Board (TD/B/L.91).

#### DELIBERATIONS IN THE SECOND SESSIONAL COMMITTEE

##### A. Report of the Committee on Manufactures on its resumed first session

115. In the Second Sessional Committee the report of the Committee on Manufactures on its resumed first session (TD/B/69) was introduced by its Chairman, Mr. Julio Faesler (Mexico). Mr. Faesler stated that, whereas the first part of the first session had been largely devoted to organizational matters,<sup>29</sup> the Committee at its resumed session had considered some of the principal problems involved in the expansion, diversification and promotion of exports of manufactures from the developing countries. He drew particular attention to the proposal to initiate a series of sector studies, beginning with forest and timber products, and to convene a meeting of experts to consider practical steps to promote developing countries' exports of such products.

116. In the debate which followed the representatives of a number of developed countries pointed out that the views of their Governments on the issues covered by the report had been fully expressed in the course of the last meeting of the Committee on Manufactures. These representatives did not think it necessary to restate their views, but they generally agreed with the report.

117. The representatives of developing countries expressed dissatisfaction with the lack of progress in the implementation of the recommendations of the first Conference concerning exports of manufactures and semi-manufactures from the developing countries. They stressed that the developed countries had not removed or significantly reduced the tariff and non-tariff barriers which were continuing to impede the exports of manufactures and semi-manufactures from the developing countries and the maintenance of which was one of the factors responsible for the lack of diversification in the exports of the developing countries and their slow rate of growth.

118. The representative of one developed country pointed out that the figures showing the growth rate of exports of manufactures and semi-manufactures from the developing countries indicated that considerable progress had been achieved in the period 1960 to 1964. If the commodity composition and origin of these exports were analysed, he suggested that valuable insight might be gained. He stressed that it was necessary to look at the growth of the exports of manufactures from

<sup>29</sup> See report on the first part of the first session of the Committee on Manufactures. *Official Records of the Trade and Development Board, Second Session, Supplement No. 3 (TD/B/22/Rev.1)*.

the developing countries, rather than simply at their share in total world trade. He further thought that it would be useful if the secretariat were to prepare for the Committee on Manufactures a summary appraisal of main features of developing countries' exports of manufactures as part of its regular work programme, and if the Committee were to report annually to the Board with respect thereto.

119. The representatives of several developing countries stressed that it was very important that the share of developing countries in world exports of manufactures be examined in the dynamic context of the growth in total world trade in manufactures, and also in relation to the 5 per cent growth rate of aggregate national income set as a minimum target for the United Nations Development Decade. Furthermore, since the value of manufactures exported by the developing countries was small, percentages of growth were not a suitable yardstick for evaluating what headway had been made.

120. The representatives of several developing countries stressed that adjustment assistance measures should be taken in the developed countries in anticipation of the development of exports of manufactures from the developing countries.

121. With regard to the expansion and diversification of the exports of manufactures from the developing countries, the representative of one developed country considered that it was not very fruitful for the secretariat to lay emphasis on the difference between so-called nominal and effective tariff rates or their progressive nature. He said that the nominal/effective argument was largely of an academic nature; tariff escalation, while a real problem should not be examined on the basis of generalizations but rather on that of specific cases in which in fact a problem arose owing to customs duties prejudicing the exports of developing countries.

122. The representatives of the developing countries stressed that an analysis of the structure of nominal and effective tariffs applied in the developed countries was important since the present structure in effect favoured the developed countries. Furthermore, they considered that the tariff and non-tariff barriers in the developed countries still impeded the diversification of exports of the developing countries and the establishment of new industries in those countries.

123. The Committee also took note of the offer made by the Customs Co-operation Council (Brussels) as to its co-operation with UNCTAD in the field of identifying the products of export interest to developing countries for purpose of tariff classification.

124. The representatives of developing countries welcomed the offer of the Netherlands Government to provide rent-free facilities for developing countries at the Utrecht Spring Fair in 1967.

125. There was general agreement on the importance of the sector studies being initiated by the Committee (TD/B/69, paragraph 20). Some delegations stated that the work done by other organs of the United Nations and by outside bodies should be taken into account in order to avoid duplication of effort and with a view to the wider dissemination of the information already available on particular sectors. The representatives of several developing countries expressed the hope that the studies would take into account past experience of the developing countries in the sectors being studied. In addition, the representatives of a number of develop-

ing countries suggested that the range of sector studies to be chosen should take into account, as far as possible, the diversified interests of the developing countries, particularly those of the relatively less advanced of these countries.

126. It was agreed that trade promotion was one of the important measures for increasing the exports of manufactures from the developing countries. The representatives of some developed and developing countries doubted the value of the idea that new trade information centres should be established, particularly since they felt that any duplication should be avoided; whereas those of other developing countries urged that UNCTAD should establish trade information centres on a regional or sub-regional basis. These representatives considered that the GATT International Trade Centre was unable to satisfy the needs of all developing countries and that, since the field of trade promotion was vast, there should be no problem of duplication with the work being done by GATT. The representatives of some developed countries suggested that the shortage of skilled personnel to staff new centres should be taken into account. The representative of GATT stressed that, since the inception of the International Trade Centre in 1964, the facilities provided had been available to all developing countries and that countries not parties to GATT had already taken advantage of those facilities.

127. The representative of a developed country suggested that the question of the actions and measures which could be taken, both by developed and by developing countries to promote the exports of the latter, should be placed on the agenda of the second Conference.

128. It was noted that the work to be undertaken by the United Nations Industrial Development Organization (UNIDO) and UNCTAD would relate broadly to two different aspects, namely the industrialization of the developing countries and the trade aspects of such industrialization. Although there might be some overlapping, it was thought that this could be avoided by closer co-operation between the two bodies.

129. The Second Sessional Committee recommended that the Board take note of the report of the Committee on Manufactures on its resumed first session and approve the establishment of a joint UNCTAD/FAO *ad hoc* inter-sessional working party to deal with forest and timber products as proposed in that report (TD/B/69, para. 17; see also document TD/B/90).

130. As regards the four draft resolutions referred to in paragraphs 111 and 113 above, the representatives of the developing countries reaffirmed the importance which they attached to the substance of these draft resolutions.

131. The Sessional Committee agreed that the subject matter dealt with in all of these draft resolutions was important as it bore directly on the diversification and expansion of developing countries' trade in manufactures and semi-manufactures. The representatives of developed countries with market economies pointed out that efforts were under way in several multilateral forums with a view to making maximum progress on each of the substantive points mentioned in the draft resolutions. The Committee recognized that these efforts should be pursued actively and agreed that the draft resolutions should be reconsidered as appropriate at the fifth session of the Board.

### *Action by the Board*

132. At its 107th plenary meeting on 16 September 1966, the Board took note of the report of the Committee on Manufactures on its resumed first session (TD/B/69). At the same meeting, the Board agreed that the four draft resolutions referred to in paragraphs 111 and 113 above should be reconsidered as appropriate at its fifth session.

133. At the same meeting, the Board approved the proposal for the establishment of a joint UNCTAD/FAO *ad hoc* working party to deal with forest and timber products (TD/B/69, para. 17).

### *B. Report of the Group on Preferences*

134. In the Sessional Committee the report of the Group on Preferences on its first session (TD/B/84) was introduced by its Chairman, Mr. M. Sakellariopoulos (Canada), who stated that, while the Group had not discussed basic questions of principle, it had considered certain questions on which decisions would need to be taken if agreement were to be reached at some future date on the basic question of the need for preferences. He stressed that the discussion had been informal, and held without prejudice to the position of individual countries represented in the Group on these issues or on any particular point that had arisen in the discussion.

135. In the discussion which followed, many delegations stressed that preferences were an urgent matter. The representatives of some developing countries expressed the hope that, by the time of the second session of the Committee on Manufactures, the developed countries would be in a position to submit, in the light of their discussions in OECD, concrete proposals for the granting and extending of preferences in favour of the developing countries.

136. The Second Sessional Committee recommended that the Board take note of the report of the Group on Preferences on its first session, which will be transmitted to the Committee on Manufactures at its second session.

### *Action by the Board*

137. At its 107th plenary meeting on 16 September 1966 the Board took note of the report of the Group on Preferences on its first session (TD/B/84).<sup>80</sup>

<sup>80</sup> The representatives of Spain and Turkey and the observer for Greece, speaking in the Board, referred to paragraph 12 of the report of the Group on Preferences and stated that the paragraph might give rise to some difficulties of interpretation. They expressed the opinion that, in the absence of unanimously agreed criteria for determining what was a "developing country", it should be for each individual country to decide whether it considered itself a developing country.

## Chapter VIII

### REPORT OF THE COMMITTEE ON INVISIBLES AND FINANCING RELATED TO TRADE

#### (Agenda item 5)

138. Since the Board's third session, the Committee on Invisibles and Financing related to Trade had held its resumed first session at Geneva from 13 to 20 April 1966 to continue its consideration of the report of the International Bank for Reconstruction and Development on its study of a scheme for supplementary financing.<sup>31</sup> The Committee adopted a resolution by which it decided, subject to the Board's approval, to establish a small group of government representatives to study a scheme of supplementary financial measures;<sup>32</sup> the annex to that resolution sets out that group's terms of reference.

139. Under item 5 the Board had before it the Committee's report on its resumed first session; the Committee's proposal, requiring the Board's approval, for the establishment of the group of government representatives referred to in the preceding paragraph; a draft resolution concerning "Urgency of increasing the volume of developmental assistance", consideration of which had been deferred from the third to the fourth session;<sup>33</sup> and the second progress report by the Secretary-General of UNCTAD regarding the feasibility of achieving higher rates of growth (TD/B/96).

140. Mr. J. Everts (Netherlands), Chairman of the Committee on Invisibles and Financing related to Trade, made a statement at the Board's 95th plenary meeting on 2 September 1966.<sup>34</sup>

141. The item was referred to the Second Sessional Committee for consideration and report; an account of the Sessional Committee's deliberations is given below.<sup>35</sup>

#### DELIBERATIONS IN THE SECOND SESSIONAL COMMITTEE

142. In the Second Sessional Committee the Chairman of the Committee on Invisibles and Financing related to Trade, Mr. J. Everts (Netherlands), introduced the report on that Committee's resumed first session (TD/B/73) which was devoted to a consideration of the study of supplementary financial measures prepared by the staff of the International Bank for Reconstruction and Development (TD/B/43). Mr. Everts said that the participation, during the resumed session, of the Economic Adviser to the President of the Bank,

as well as the statement by the Secretary-General of the Conference of his views on the proposed scheme, had helped to clarify many of the issues involved. Although considerable support had been expressed for the concept of the proposed supplementary financial measures, some important aspects of the scheme would require further study. For this purpose, the Committee on Invisibles and Financing related to Trade had adopted a resolution proposing the establishment by the Board of a small group of government representatives, with the requisite expertise, to study and report on the matter to the Committee at its second session; the proposed terms of reference of the group are set out in an annex to the resolution (TD/B/73, annex A (i)).

143. In the ensuing brief debate, the representatives of the developing countries expressed the view that the Bank staff's scheme might be a useful way to complement existing compensatory financing arrangements and commodity price stabilization schemes. The proposal to establish an inter-governmental group received unanimous support.

144. Note was taken of the provision in the Committee's rules of procedure under which members of UNCTAD not represented in the group could send observers to the meetings of the group so as to bring their views to bear on its deliberations.

145. The Second Sessional Committee recommended that the Board take note of the report of the Committee on Invisibles and Financing related to Trade and approve the establishment of the proposed inter-governmental group of experts.

146. As regards the draft resolution referred to in paragraph 139 above on the subject of "Urgency of increasing the volume of developmental assistance", it was not possible within the time at the Second Sessional Committee's disposal to reach agreement. It was decided, therefore, that the draft resolution should be referred to the Board for its consideration and it was agreed that the informal working party which had been appointed to work out a generally acceptable text of a draft resolution would continue to meet and submit its findings direct to the Board.

#### ACTION BY THE BOARD

147. At its 95th plenary meeting, the Board approved the decision taken by the Committee on Invisibles and Financing related to Trade at its resumed first session (TD/B/73, annex A (1)) "to establish . . . a small group of representatives of governments, with the requisite expertise . . . to study and report on" supplementary financial measures to the Committee's second session. At the same plenary meeting the Board sched-

<sup>31</sup> Report of the Committee on its resumed first session (TD/B/73).

<sup>32</sup> *Ibid.*, annex A (i).

<sup>33</sup> See part One of the present report, chapter VII, paragraphs 59-63.

<sup>34</sup> For a report of the statement see the summary record of the meeting (TD/B/SR.95).

<sup>35</sup> The Committee's proceedings are reported in the summary records (TD/B/SC.6/SR.1-11); see also the Committee's report to the Board (TD/B/L.91).

uled the meeting of the group of experts so established for the period 10 to 14 October 1966.

148. At its 107th plenary meeting on 16 September 1966 the Board took note of the report of the Committee on Invisibles and Financing related to Trade on its resumed first session (TD/B/73).

149. At its 108th plenary meeting on 17 September 1966 the Board, having considered the report of the working party referred to in paragraph 146 above and the draft resolution annexed thereto (TD/B/L.92),<sup>36</sup>

<sup>36</sup> For the text of the resolution concerning "Urgency of increasing the volume of developmental assistance", see annex A to this part of the present report.

adopted without a vote the draft resolution proposed by the working party.<sup>37</sup>

<sup>37</sup> Reservations concerning the resolution were formulated by the representatives of Bulgaria, Czechoslovakia, Hungary and the Union of Soviet Socialist Republics, who stated that their delegations had abstained in the vote on the recommendation contained in annex A.IV.2, to the Final Act of the 1964 Conference, for reasons explained at the time, and that for the same reasons they would have abstained in a vote on the draft resolution if it had been put to the vote. The representative of Belgium stated that, while he had no comments to make on the text of the resolution, it did not contain any new ideas; in his opinion, other means should be found for expressing the views of UNCTAD than that of duplicating resolutions on the same subject.

## Chapter IX

### REPORT OF THE COMMITTEE ON SHIPPING

#### (Agenda item 6)

150. Since the Board's third session, the Committee on Shipping had held a special session at Geneva from 18 to 25 July 1966, for the purpose of considering and adopting the part of its programme of work concerning the level and structure of freight rates, conference practices and adequacy of shipping services.<sup>38</sup> The relevant part of the Committee's programme of work as adopted is set out in the Committee's report.<sup>39</sup>

151. Under item 6 the Board had before it the Committee's report on its special session. The item was referred to the Second Sessional Committee for consideration and report; an account of the Sessional Committee's deliberations is given below.<sup>40</sup>

#### DELIBERATIONS IN THE SECOND SESSIONAL COMMITTEE

152. The representatives of the developing countries recalled the stand taken by them in the special session of the Committee on Shipping and urged that, inasmuch as that Committee's programme of work as a whole had been adopted without a single negative vote, the whole programme should be implemented. In their opinion, freight rate studies in general—and route studies in particular—were the most important parts of the programme of work of the Committee on Shipping and should therefore be given high priority. They hoped that the extra funds needed for carrying out the work on these items would be provided and that the liner conference and shipping industry in general would provide the information necessary for these studies. They also pointed out that only five maritime countries in the Committee on Shipping had voted against the carrying out of route studies, and that some other developed countries had expressed certain reservations, while some had voted in favour of these studies.

153. The delegations of some maritime countries with market economies stated that the Committee on Shipping had adopted a comprehensive programme of work, but they regretted that it had not been possible to reach unanimous agreement on one of the projects of this programme. They stated that the carrying out of the programme on which consensus had been reached would

provide useful information, which would contribute to the development of world trade and dispel misunderstanding. They maintained the view they had taken at the special session of the Committee on Shipping with regard to route studies and reiterated the opinion that such studies were not likely to produce useful results. While agreeing with the programme of work as a whole, they hoped that the secretariat of UNCTAD, in drawing up its schedule of priorities, would take into consideration the critical opinions expressed concerning one project in the programme, and emphasized that the most useful results would follow from studies on the establishment of consultation machinery and the improvement and development of ports. Some delegations reserved their position with regard to the financial implications of the programme of work and expressed the view that the programme could be financed out of the resources of the regular budget for 1967 by the establishment of appropriate priorities in the work programme, either of the Committee on Shipping or of UNCTAD as a whole.

154. The delegations of some other countries with market economies reaffirmed their support for the studies envisaged in the work programme.

155. The delegations of some socialist countries of Eastern Europe stated that the report of the Committee on Shipping reflected unanimity on all objectives of the programme of work. They stressed the necessity of the implementation of the work programme as adopted by the Committee on Shipping and hoped that the results of the studies concerned would contribute to international understanding in the field of shipping. They recalled the importance of ocean transport to the expansion of world trade and, in particular, to the trade of developing countries.

156. The Second Sessional Committee recommended that the Board should take note of the report of the Committee on Shipping on its special session (TD/B/83 and Corr. 1) and approve the recommendations with regard to the work programme contained in paragraph 29 of that report.

#### ACTION BY THE BOARD

157. At its 107th plenary meeting on 16 September 1966, the Board took note of the report of the Committee on its special session (TD/B/83 and Corr. 1) and approved the recommendations with regard to the work programme contained in paragraph 29 of that report.

<sup>38</sup> For the report of the Committee on its special session see TD/B/83 and Corr.1.

<sup>39</sup> *Ibid.*, para. 29.

<sup>40</sup> For the proceedings of the Sessional Committee see the summary records (TD/B/SC.6/SR.1-11); see also the Committee's report to the Board (TD/B/L.91).

## Chapter X

### DESIGNATION OF NON-GOVERNMENTAL ORGANIZATIONS FOR THE PURPOSE OF RULE 79 OF THE RULES OF PROCEDURE

#### *(Agenda item 11)*

158. At its third session the Board decided to postpone the consideration of the applications, submitted under rule 79 of its rules of procedure, by the following five non-governmental organizations for inclusion in the list provided for in that rule: International Law Association, International Rayon and Synthetic Fibres Committee, Standing Conference of Chambers of Commerce and Industry of the European Economic Community, Union of Industries of the European Economic Community, and the Chamber of Commerce of the United States of America.<sup>41</sup>

159. In the course of its fourth session, at its 107th plenary meeting on 16 September 1966, the Board considered these applications together with those which had been submitted since the third session of the Board by the undermentioned non-governmental organizations (TD/B/L.90): European Insurance Committee, International Christian Union of Business Executives, Latin American Shipowners' Association.

160. In the ensuing debate the view was expressed that the existing arrangements for the participation of national non-governmental organizations in the activities of UNCTAD, laid down in resolution 14 (II) of the Board, might be revised because certain provisions, especially paragraph I (9), had proved difficult to operate in practice. One delegation expressed regret that the Board had not found it possible to take action on the applications recommended to it by the Bureau at its third session.

#### ACTION BY THE BOARD

161. At its 107th meeting the Board decided to review at its fifth session the arrangements for the participation of non-governmental organizations, particularly the criteria set out in part I of the resolution 14 (II) regarding the establishment of the list of non-governmental organizations provided for in rule 79 of the rules of procedure. For the purpose of this review, the Secretary-General of UNCTAD was requested to submit proposals to the Board at that session and to ensure that Governments would have sufficient time to consider these proposals beforehand. At the same meeting the Board further decided to defer consideration of the eight applications mentioned above, pending the review of the arrangements.

---

<sup>41</sup> See part One of the present report, chapter XI.

## Chapter XI

### OTHER BUSINESS

#### (Agenda item 16)

#### 1. Designation of inter-governmental bodies under rule 78 of the rules of procedure

162. The Board at its 107th plenary meeting on 16 September 1966 considered the application submitted by the Council of Arab Economic Unity (TD/B/76) and decided to designate this inter-governmental body for the purpose of the rule 78 of the rules of procedure.

163. At its 113th plenary meeting the Board decided to examine at its fifth session the application of the provisions of rule 78 of the rules of procedure of the Board regarding the participation of inter-governmental bodies in the work of the Board, taking into account the character and field of interest and competence of such bodies. In this connexion, the Secretary-General of UNCTAD was requested to submit to the Board at its fifth session a document outlining the considerations which should be taken into account in determining whether or not to limit the participation of inter-governmental bodies to one or more subsidiary bodies of the Board.

164. The Board decided to defer its consideration of the application submitted by the International Conference of African, French and Malagasy States on Insurance Supervision (TD/B/105), pending the examination referred to in the previous paragraph.

#### 2. Implementation of resolution 22 (S-I) of the Board on the location of the secretariat of the Conference

165. Pursuant to resolution 22 (S-I) of the Board the Secretary-General of UNCTAD submitted a report on the "Implementation of resolution 22 (S-I) of the Board on the location of the secretariat of UNCTAD" (TD/B/87).

#### 3. Consideration of steps to be taken for progressive development in the field of private international law with a particular view to promoting international trade

166. The Board had before it the text of General Assembly resolution 2102 (XX) entitled "Consideration of steps to be taken for progressive development in the field of private international law with a particular view to promoting international trade" (TD/B/92).

167. The delegations of Argentina, Bolivia, Brazil, Bulgaria, Cameroon, Ceylon, Chile, Congo (Democratic Republic of), Dahomey, Ecuador, El Salvador, Ethiopia, Ghana, Guinea, Honduras, Hungary, India, Indonesia, Iran, Iraq, Lebanon, Madagascar, Mali, Mexico, Morocco, Nigeria, Pakistan, Philippines, Poland, Romania, United Arab Republic, United Republic of Tanzania, Uruguay and Yugoslavia, submitted the following joint draft resolution (TD/B/L. 98):

#### "Progressive development of the law of international trade

*"The Trade and Development Board,*

*"Considering that the development and reinforcement of international economic relations, including trade relations, constitute important factors of economic and social progress,*

*"Recalling resolution 2102 (XX) adopted unanimously by the General Assembly at its twentieth session, under the terms of which the Assembly will give consideration, at its twenty-first session, to the question of "the United Nations organs and other agencies which might be given responsibilities with a view to furthering co-operation in the development of the law of international trade and to promoting its progressive unification and harmonization",*

*"Bearing in mind the function and responsibilities that devolve upon UNCTAD under the terms of paragraph 3 of General Assembly resolution 1995 (XIX),*

*"Emphasizing that by its objectives, tasks and composition, UNCTAD is the most appropriate body for the examination, on a permanent basis, of the unification, harmonization and modernization of international trade law, which constitute essential factors in the expansion of international commerce,*

*"Considering that notwithstanding the commendable efforts of various international bodies, including the regional economic commissions, the activities which are being carried out in this field are largely circumscribed to the developed countries, lack co-ordinated direction and do not reflect fully the interests and requirements of the developing countries,*

*"Stressing the need for a world-wide approach in all further action relating to international conventions, agreements and juridical instruments, uniform or model legislation applicable to international trade, standard contract provisions, general conditions of sale, standard trade terms and other measures, as a means of promoting broader and better trade relations between all countries,*

*"1. Welcomes the action thus far taken by the General Assembly on this subject as well as the view expressed by the Assembly that 'the interests of all peoples, and particularly those of the developing countries, demand the betterment of conditions favouring the extensive development of international trade';*

*"2. Recommends to the General Assembly to consider measures to intensify the activities of the United Nations in this respect laying special emphasis on the needs and interests of the developing countries;*

*"3. Recommends also to the General Assembly to recognize the special responsibilities of UNCTAD in this field and assign to it a central role in the progressive development of the law of international trade;*

*"4. Recommends further to the General Assembly to establish within UNCTAD, in conformity with resolution 1995 (XIX), appropriate permanent machinery for the consideration of steps geared to the progressive development of the law of international trade."*

168. The representative of Uruguay, introducing the draft resolution on behalf of the sponsors, stated that its purpose was to convey to the Assembly the views of

the Board as to the future activities of the United Nations in this field in view of the fact that, at its twenty-first session, the General Assembly would consider the United Nations organs and other agencies which might be given responsibilities in this respect. He recalled that the Assembly had been studying the matter in line with a proposal made by Hungary shortly after the conclusion of the first Conference on Trade and Development to the effect that the United Nations should have a more active role in this field. He further stated that it was essential to intensify efforts in this respect because, notwithstanding the existence of several institutions dealing with certain aspects of the law of international trade, such bodies were limited in scope and membership and lacked adequate direction and co-ordination.

169. The representatives of a number of developing countries and socialist countries of Eastern Europe supported the draft resolution and stated that UNCTAD should be entrusted with the task of ensuring international co-operation in this field upon the basis of a pragmatic and world-wide approach. Against this background the Board would invite the General Assembly to recognize the special responsibilities of UNCTAD in the field of the progressive development of the law of international trade and assign to it a central role.

170. The representatives of a number of developed market economy countries, while stressing the importance they attached to the subject matter of the draft resolution, expressed the opinion that it would be inappropriate for the Board to take a position on the subject because the General Assembly had decided to consider it at its twenty-first session and had requested the Secretary-General of the United Nations to prepare a report on the subject which was not as yet available. They further noted that it would not be desirable for the Board to prejudice the issue pending the consideration of the matter by the General Assembly in the light of that report.

171. It was agreed that the subject matter of the draft resolution was of great importance and should be studied further. However, in the light of the considerations stated in the previous paragraph, the Board decided to defer its consideration of the draft resolution until its fifth session pending the circulation of the report prepared by the Secretary-General of the United Nations in accordance with General Assembly resolution 2102 (XX) and the consideration of this matter by the Assembly.

#### **4. United Nations technical assistance activities in trade and related fields**

172. The Board had before it a Note entitled "United Nations technical assistance activities in trade and related fields" (TD/B/97 and Add.1). The Secretary-General of UNCTAD referred to this question in his opening statement at the 93rd plenary meeting<sup>42</sup> and in his statement to the First Sessional Committee (TD/B/SC.5/1).

173. The Board discussed this matter at its 107th and 110th meetings. All the representatives who spoke recognized the particular need of the developing countries for assistance in promoting their exports and raising their income from invisible transactions. Cognizance was taken of the assistance already rendered by Gov-

ernments bilaterally and by existing inter-governmental organizations. It was stated, however, that there remained scope for an increased flow of assistance and for a useful role by UNCTAD. With the creation of UNCTAD and UNIDO, the United Nations was now better equipped to render effective assistance to the industrialization and promotion of trade of the developing countries.

174. Some delegations expressed the view that the programme of work of UNCTAD in technical assistance could not yet be discussed with precision, since its Committees were still generally at the stage of analysing the problems encountered. In the course of the discussion the following possible avenues for action by UNCTAD were suggested by some delegations: to determine, together with other United Nations agencies and inter-governmental organizations concerned, the most effective means and perhaps new methods of rendering assistance in the fields of international trade and invisibles, particularly export promotion; to assist in the general planning or guidance of such assistance; to render substantive support to United Nations technical efforts in the fields of competence of UNCTAD; to strengthen in particular the field work of United Nations technical assistance experts through the documentation and research work of the UNCTAD secretariat; to help in the training of personnel from the developing countries; and to enlist the help of the United Nations technical assistance programmes in the implementation of the recommendations of the first Conference.

175. Several representatives stressed that full use should be made of the existing administrative and operational facilities of the United Nations, that no new machinery should be created within UNCTAD, and that unnecessary duplication of the work pursued by United Nations specialized agencies and other inter-governmental organizations in the fields of export promotion and invisibles should be avoided. There should be close co-operation among the agencies and organizations concerned. During the debate, statements were made by the representatives of the FAO and the ILO on the activities of these organizations in the fields of interest to UNCTAD.

176. Many representatives welcomed the readiness of the United Nations Development Programme to be actively associated with UNCTAD in its endeavours to improve the trading position of the developing countries. Some representatives felt that UNCTAD could be made a participating agency of that Programme and that the Secretary-General of UNCTAD should become a member of its Inter-Agency Consultative Board. Other representatives were opposed to the idea that UNCTAD should have the status of a participating agency, but supported the proposal that the Secretary-General of UNCTAD should be associated with the Inter-Agency Consultative Board.

177. At its 113th plenary meeting on 23 September 1966, a draft resolution entitled "Technical assistance in trade and related fields" (TD/B/L.99) was introduced by the representative of India on behalf of the sponsors (Argentina, Bolivia, Brazil, Cameroon, Ceylon, Chile, Congo (Democratic Republic of), Dahomey, Ecuador, El Salvador, Ethiopia, Ghana, Guinea, Honduras, India, Indonesia, Iran, Iraq, Lebanon, Madagascar, Mali, Mexico, Morocco, Nigeria, Pakistan, Philippines, United Arab Republic, United Republic of Tanzania,

<sup>42</sup> See annex C to this part of the present report.

Uruguay and Yugoslavia). In connexion with this draft resolution, the Secretary-General of UNCTAD made the following statement:

"I have already had occasion to express at the Board's 93rd plenary meeting and in the First Sessional Committee my views concerning the role which UNCTAD should be called upon to play in the field of technical assistance. Briefly, this role, as we envisage it, is to give these activities the full substantive support of the UNCTAD secretariat and not to add any further machinery to what already exists.

"Some questions have been raised concerning the status which UNCTAD would have within the United Nations Development Programme, and in particular the possibility of its having the status of a participating agency. I would like to state clearly that, while I consider the full membership of the Secretary-General of UNCTAD in the Inter-Agency

Consultative Board of the UNDP to be essential in order to allow UNCTAD to play this substantive role effectively, I would not attach to this membership any consequences with regard to the status as a participating agency. The United Nations, of which UNCTAD is a part, is a participating agency in that programme and we shall fully utilize its various operational and administrative services, in particular the Bureau of Technical Assistance Operations of the Department of Economic and Social Affairs, the Technical Assistance Recruitment Services of the Bureau of Personnel as well as the administrative and financial services of the Organization."

178. At the Board's 114th plenary meeting, on 23 September 1966, the draft resolution was adopted unanimously.<sup>43</sup>

<sup>43</sup> For the text of the resolution see annex A to this part of the present report.

## Chapter XII

### ORGANIZATIONAL MATTERS

#### 1. Opening of the session

179. The fourth session of the Trade and Development Board was opened by the President, Mr. José Piñera (Chile), on 30 August 1966 at the Palais des Nations, Geneva.

180. The President made an opening statement.

181. The Secretary of the Board read out a message received from the Secretary-General of the United Nations on the occasion of the opening of the session.

182. At the Board's 93rd plenary meeting on 31 August 1966, the Secretary-General of UNCTAD made a statement.<sup>44</sup>

#### 2. Officers

183. At the third session of the Board when the officers were elected for 1966, a discussion took place within the Board as to the procedure that should be followed in the future in cases where a Vice-President elected at the first regular session of the year was unable to attend a subsequent session of the Board during his term of office. An understanding was reached whereby a notification by a Vice-President to the effect that he would not attend such a subsequent session would be construed as a resignation, and that his delegation would nominate a substitute who would then be elected Vice-President by the Board for the remainder of his predecessor's term of office.

184. Four of the Vice-Presidents who had been elected at the third session<sup>45</sup> having indicated that they would not be able to attend the fourth session, the Board at its 101st plenary meeting on 8 September 1966, upon nomination by the delegations concerned, unanimously elected the following Vice-Presidents to replace them:

- Mr. George Hakim (Lebanon) to replace Mr. Soubeil Chammas;
- Mr. Gustavo Guerrero (El Salvador) to replace Mr. José Mixco Fischner;
- Mr. Nazif Cuhruk (Turkey) to replace Mr. Kamuran Gürün;
- Mr. H. E. Thrane (Denmark) to replace Mr. Hans R. Tabor.

#### 3. Adoption of the agenda (*agenda item 1*)

185. At its 92nd plenary meeting on 30 August 1966, the Board considered the provisional agenda, as approved at its third session (TD/B/77 and Corr. 1). The Board also had before it a proposal by the Secretary-General of UNCTAD (TD/B/78) for the inclusion of a supplementary item entitled "Trade expansion, economic co-operation and integration among developing countries". The Board unanimously adopted the

provisional agenda including the proposed supplementary item. The agenda as adopted (TD/B/102) is reproduced below:

1. Adoption of the agenda.
2. Adoption of the report on credentials.
3. Review of the implementation of the recommendations of the Conference.
4. Report of the Committee on Manufactures and report of the Group on Preference.
5. Report of the Committee on Invisibles and Financing related to Trade.
6. Report of the Committee on Shipping.
7. Problems arising in trade relations between countries having different economic and social systems.
8. Steps to be taken to achieve agreement on principles governing international trade relations and trade policies conducive to development (see annexes A.1.1, A.1.2 and A.1.3 of the Final Act of UNCTAD, 1964).
9. Report on the United Nations Cocoa Conference.
10. Second session of the United Nations Conference on Trade and Development; objectives, agenda and programme of preparatory work.
11. Designation of non-governmental organizations for the purpose of rule 79 of the rules of procedure.
12. Election to membership of committees.
13. Calendar of meetings for 1967.
14. Provisional agenda for the fifth session of the Board.
15. Financial implications of the actions of the Board.
16. Other business:
  - (a) Designation of inter-governmental bodies under rule 78 of the rules of procedure;
  - (b) Implementation of resolution 22 (S-1) of the Board on the location of the UNCTAD secretariat;
  - (c) Consideration of steps to be taken for the progressive development in the field of private international law with a particular view to promoting international trade;
  - (d) United Nations technical assistance activities in trade and related fields.
17. Trade expansion, economic co-operation and integration among developing countries.
18. Adoption of the report of the Board to the General Assembly.

#### 4. Membership and attendance

186. The following members of the Board were represented at the session: Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Bulgaria, Cameroon, Canada, Ceylon, Chile, Congo (Democratic Republic of), Czechoslovakia, Dahomey, Denmark, Ecuador, El Salvador, Ethiopia, Federal Republic of Germany, France, Ghana, Guinea, Honduras, Hungary, India, Indonesia, Iran, Iraq, Italy, Japan, Lebanon, Madagascar, Mali, Mexico, Morocco, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Philippines, Poland, Romania, Spain, Sweden, Switzerland, Turkey, Union of Soviet Socialist Republics, United Arab Republic,

<sup>44</sup> For the text of the statement see annex C to this part of the present report.

<sup>45</sup> See part One, paragraph 126.

United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Uruguay and Yugoslavia.

187. The following States members of the Conference sent observers to the fourth session of the Board: Algeria, Burundi, Chad, China, Colombia, Costa Rica, Cuba, Finland, Greece, Holy See, Ireland, Israel, Ivory Coast, Jamaica, Kuwait, Libya, Malta, Nicaragua, Niger, Peru, Portugal, Republic of Korea, Republic of Viet-Nam, Saudi Arabia, Senegal, South Africa, Trinidad and Tobago, Ukrainian Soviet Socialist Republic, Upper Volta, Venezuela, Yemen and Zambia.

188. The following regional economic commissions of the United Nations were represented: Economic Commission for Africa, Economic Commission for Latin America, Economic Commission for Europe; the United Nations Economic and Social Office in Beirut was also represented.

189. The following specialized agencies were represented at the session: the International Labour Organisation, Food and Agriculture Organization of the United Nations, International Bank for Reconstruction and Development, International Monetary Fund, World Health Organization, Inter-governmental Maritime Consultative Organization. The contracting parties to the General Agreement on Tariffs and Trade (GATT) were also represented.

190. The following other inter-governmental organizations were represented at the session: The African and Malagasy Common Organization, Cocoa Producers Alliance, Council for Mutual Economic Assistance, European Economic Community, European Free Trade Association, Inter-American Development Bank, International Union for the Protection of Industrial Property, League of Arab States, Organization of African Unity, Organization of American States, Organization for Economic Co-operation and Development, Organization of the Petroleum Exporting Countries, Permanent Secretariat of the General Treaty on Central American Integration.

191. The following non-governmental organizations were represented at the session: Afro-Asian Organization for Economic Co-operation, International Bar Association, International Chamber of Commerce, International Confederation of Free Trade Unions, International Co-operative Alliance, International Federation of Agricultural Producers, International Federation of Christian Trade Unions, International Organization of Employers, World Federation of Trade Unions.

## **5. Adoption of the report on credentials (agenda item 2)**

192. At its 111th plenary meeting on 21 September 1966, the Board approved the report of the Bureau (TD/B/107) in which it was indicated that all representatives attending the session had communicated proper credentials.

## **6. Organization of the work of the fourth session of the Board**

193. In conformity with the decision taken at its third session<sup>46</sup> the Board at its 92nd plenary meeting appointed a Sessional Committee of the Whole (referred to elsewhere in this report as the "First Sessional

Committee") to consider the objectives, agenda and programme of preparatory work for the second session of the Conference (agenda item 10) and to report to the plenary Board. The Committee elected Mr. M. Franz (Italy) as its Chairman and Mr. H. J. Brillantes (Philippines) as its Vice-Chairman-Rapporteur. It held fourteen meetings from 5 to 23 September 1966.<sup>47</sup>

194. In the light of discussion at the Board's 92nd plenary meeting, the President, in agreement with the Bureau, prepared proposals concerning the organization of proceedings during the session (TD/B/L.88). He submitted these proposals to the Board at its 93rd plenary meeting, at which they were approved unanimously. Accordingly, the Board appointed a Second Sessional Committee of the Whole to which it referred items 4, 5 and 6 of the agenda for consideration and report. The Committee elected Mr. S. Kolo (Nigeria) as its Chairman and Mr. M. Franek (Czechoslovakia) as its Vice-Chairman-Rapporteur. It held eleven meetings from 1 to 15 September 1966.<sup>48</sup>

## **7. Treatment of Guyana for the purpose of elections to subsidiary bodies**

195. At its 105th plenary meeting on 13 September 1966, the Board decided that, for the purpose of elections to subsidiary bodies, Guyana should be treated as if it were in the group of States listed in part C of the annex to General Assembly resolution 1995 (XIX).

## **8. Election to membership of committees (agenda item 12)**

196. In conformity with the decision taken by the Board at its first session that the term of office of one third of the members of each of its main committees would expire each year<sup>49</sup> the Board at its 111th and 114th meetings elected for a term of three years, expiring 31 December 1969, one third of the members of its committees.

197. The following countries were elected to serve on the *Committee on Commodities*: Brazil, Canada, Ceylon, Colombia, Denmark, Ethiopia, Federal Republic of Germany, Ghana, Hungary, Indonesia, Ireland, Italy, Ivory Coast, Madagascar, Nigeria, Spain, the Union of Soviet Republics and Uruguay.

198. The following countries were elected to serve on the *Committee on Manufactures*: Belgium, Chile, Congo (Democratic Republic of), Czechoslovakia, Federal Republic of Germany, Ivory Coast, Japan, Madagascar, Republic of Korea, Spain, Trinidad and Tobago, Uganda, the Union of Soviet Socialist Republics, the United Arab Republic and the United Kingdom of Great Britain and Northern Ireland.

199. The following countries were elected to serve on the *Committee on Invisibles and Financing related to Trade*: Belgium, Brazil, Bulgaria, Cameroon, Chile, Congo (Democratic Republic of), India, Lebanon, Netherlands, Poland, Republic of Korea, Sweden, Switzerland, Tunisia and the United Kingdom of Great Britain and Northern Ireland.

<sup>47</sup> For an account of the Committee's deliberations see chapter II of this part of the present report.

<sup>48</sup> For an account of the Committee's deliberations see chapters VII, VIII and IX of this part of the present report.

<sup>49</sup> *Official Records of the General Assembly, Twentieth Session, Supplement No. 15 (A/6023/Rev.1), para. 197.*

<sup>46</sup> See part one of the present report, chapter X, paragraphs 94 and 95.

200. The following countries were elected to serve on the *Committee on Shipping*: Colombia, Greece, Hungary, Iran, Iraq, Italy, Mali, Morocco, Pakistan, Philippines, Poland, Spain, Sweden, the United States of America and Uruguay.

201. At the third session of the Board, an informal agreement had been reached in Group B that Malta, which was elected for a term of three years up to 31 December 1968 on the Committee on Manufactures, would withdraw on 31 December 1966, and that Group B would then propose Finland as the only candidate for the vacancy thus created (see TD/B/SR.84). At its 111th meeting the Board, having been informed that Malta would withdraw at the end of 1966, elected Finland to replace Malta for a term expiring on 31 December 1968.

## **9. Provisional agenda for the fifth session of the Board. (agenda item 14)**

202. At its 112th meeting the Board considered the draft provisional agenda (TD/B/L.96) prepared by the Secretary-General of UNCTAD in accordance with rule 8 of the rules of procedure.

203. After some discussion the following modifications were made:

(a) Item 4 was re-worded to read: "Second session of the United Nations Conference on Trade and Development: objectives, provisional agenda and programme of preparatory work, draft rules of procedure and proposed organizational structure."

(b) In item 10, the word "complete" was inserted before the word "agreement", so that the item now reads as follows: "Steps to be taken to achieve complete agreement on principles governing international trade relations and trade policies conducive to development (see annexes A.I.1, A.I.2 and A.I.3 of the Final Act of UNCTAD 1964)."

204. The provisional agenda for the fifth session, as adopted, reads as follows:

1. Election of officers.
2. Adoption of the agenda.
3. Adoption of the report on credentials.
4. Second session of the United Nations Conference on Trade and Development: objectives, provisional agenda and programme of preparatory work, draft rules of procedure and proposed organizational structure.
5. Report of the Committee on Commodities.
6. Report of the Committee on Manufactures.
7. Report of the Committee on Invisibles and Financing related to Trade.
8. Report of the Committee on Shipping.
9. Problems arising in trade relations between countries having different economic and social systems.
10. Steps to be taken to achieve complete agreement on principles governing international trade relations and trade policies conducive to development (see annexes A.I.1, A.I.2 and A.I.3 of the Final Act of UNCTAD, 1964).
11. Trade expansion, economic co-operation and integration among developing countries.
12. Progressive development of the law of international trade.
13. Reports on negotiations or consultants on individual commodities.
14. Technical assistance in trade and related fields.
15. Designation of inter-governmental bodies for the purpose of rule 78 of the rules of procedure.

16. Designation of non-governmental organizations for the purpose of rule 79 of the rules of procedure.
17. Review of the calendar of meetings.
18. Provisional agenda for the sixth session of the Board.
19. Financial implications of the actions of the Board.
20. Other business.
21. Adoption of the report of the Board at its fifth session.

## **10. Review of the calendar of meetings (agenda item 13)**

205. The Board had before it a note by the secretariat (TD/B/L.94) containing a suggested revised calendar of meetings of UNCTAD bodies up to the second session of UNCTAD. The suggested calendar differed from the current calendar for the remainder of 1966 (TD/B/INF.4/Rev.1) in that sessions of the main Committees were postponed from the last months of 1966 to the first quarter of 1967. In addition, the revised calendar suggested that the fifth session of the Board be held in April-May 1967 in New York.

206. The Board considered this item at its 111th, 112th and 114th meetings. At its 112th meeting, the Board considered the question of the location of its fifth session. After a lengthy discussion during which several procedural votes were taken, the Board adopted, by a vote of 37 in favour, none against, and 4 abstentions, the following proposal made by the representative of France: "The Board decides to hold the fifth session preferably in the Canton of Geneva and, should this be impossible, in New York."

207. In the light of the discussions held at the 111th and 112th meetings of the Board, the Board received revised suggestions for the calendar of meetings (TD/B/L.94/Rev.1).

208. The Board at its 114th meeting on 23 September 1966 approved the calendar of meetings.<sup>50</sup> It was understood that the Secretary-General of UNCTAD would have, in consultation with Governments, some flexibility in arranging the meetings should circumstances make this desirable. The dates and location of the second session of UNCTAD were discussed under agenda item 10 (see chapter II of this part of the present report).

## **11. Financial implications of the actions of the Board (agenda item 15)**

209. At its 114th plenary meeting the Board considered document TD/B/88 submitted by the Secretary-General of the Conference in conformity with the Board's decision to review the best use of available resources.<sup>51</sup> In opening this discussion the Secretary-General of the Conference presented an analysis of the 1967 budget estimates for UNCTAD, drew particular attention to the allocation of the resources available and underlined the inordinate proportion of those resources devoted to the programme of conferences.

210. Members of the Board supported the views of the Secretary-General as to the need for reducing the programme of meetings. In this connexion, several representatives supported the Secretary-General's proposal to make use of small working groups with a view to better preparations for, and a consequent shortening of, the sessions of the main organs of UNCTAD.

<sup>50</sup> For the calendar of meetings as approved, see annex A to this part of the present report.

<sup>51</sup> See part one of the present report, chapter XIII, paragraph 157.

211. Many delegations pointed out that, useful as the information in document TD/B/88 might be, it was not adequate because the section showing the resources devoted to the main areas of work did not also give the work programmes to be carried out. It was suggested by several delegations that an integrated work programme and budget should be presented to enable the Board to conduct its general budget review which the Board had decided at its third session to undertake annually.

212. Several delegations discussed the role to be played by the various organs of the United Nations concerned with the best uses of UNCTAD resources. It was stated that since it was the Board that adopted the work programmes affecting the budget, it was to be hoped that the Board could offer some useful guidance to the Advisory Committee on Administrative and Budgetary Questions and the Fifth Committee of the General Assembly which considered the budget of UNCTAD. It was also believed that the Board would find it of value to have before it the views of the Advisory Committee on Administrative and Budgetary Questions when discussing the uses of its resources.

213. The Secretary-General also presented document TD/B/L.95 to explain the administrative and financial implications of the actions taken by the Board at its fourth session. In that document he pointed out that the Board had lightened the calendar of meetings for 1966 by postponing sessions of its four main committees from 1966 to 1967. This change would require that the temporary conference staff already engaged for these committees be deployed elsewhere. However, as several possibilities existed, there would appear to be reason to hope for a consequent saving on the 1966 budget appropriations for UNCTAD.

214. As to the revised calendar of meetings adopted for 1967, the Secretary-General of UNCTAD indicated that it was substantially similar in size to that provided for in the initial budget estimates for that year, and would be increased in comparison with the calendar originally foreseen only if it were decided that further sessions of the Board's main committees were required in 1967 as a result of action taken at the second session of the Conference.

215. He further stated that he was, in principle, opposed to supplementary or revised estimates unless they were inescapable. Because of that view, he had decided to absorb in the existing budget estimates the additional expenditure of \$230,000 required by the work

programme on the level and structure of freight rates approved by the Board. It would also be his intention to make the necessary adjustments in his programme were the current session of the General Assembly to adopt the recommendation of the ACABQ to reduce the 1967 budget estimates for UNCTAD by \$300,000. These ends could be met if, in consultation with the Controller, flexible use were to be made of the new credits requested in the 1967 budget estimates for substantive work. That is to say, resources would be drawn from areas of lower priority to meet those requests of the Board with the greatest urgency.

216. The Board took note of the Secretary-General's statement. In this connexion several delegations pointed out that the Secretary-General of the Conference should be permitted a certain flexibility in the administration of the budget if he were to carry out new programmes in spite of budget reductions and, at the same time, attempt to reduce the meetings programme by the use of *ad hoc* groups where appropriate. One delegation expressed its opposition to a procedure which would tend to lead to transfers from one chapter to another within the budget.

217. During the Board's discussion of budgetary questions, one delegation expressed surprise that, in the French-speaking city in which the Conference had its headquarters, information on its work was given to the Press in French only piecemeal and with some delay. The delegation expressed disapproval of that state of affairs and requested that it should be remedied with all speed. The secretariat stated that it would endeavour to meet that request.

218. The Board closed its discussion by taking note of the reports of the Secretary-General of the Conference (TD/B/88 and TD/B/L.95) and of the oral statements of the representatives of the secretariat.

## **12. Adoption of the report of the Board to the General Assembly (*agenda item 18*)**

219. At its 118th plenary meeting on 24 September 1966, the Board adopted this report on its fourth session. At the same meeting the Board adopted its report to the General Assembly covering the period which had elapsed since 30 October 1965 and consisting of the reports on its third session and on its fourth session.

## **13. Closure of the session**

220. At the 118th plenary meeting the President made a closing statement.

## Annex A

### RESOLUTIONS AND DECISIONS OF THE BOARD AT ITS FOURTH SESSION

#### Resolutions

	<i>Page</i>
30 (IV). Urgency of increasing the volume of developmental assistance (item 5 of the agenda)	
Resolution of 17 September 1966 .....	30
31 (IV). Technical assistance in trade and related fields (item 16 (d) of the agenda)	
Resolution of 23 September 1966 .....	67
32 (IV). Trade expansion, economic co-operation and integration among developing countries (item 17 of the agenda)	
Resolution of 23 September 1966 .....	67

#### Decisions

##### SECOND SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

34 (IV). Draft provisional agenda for the second session of the Conference (item 10 of the agenda) (approved on 24 September 1966) .....	67
--	----

##### CALENDAR OF MEETINGS

33 (IV). Calendar of UNCTAD meetings for the remainder of 1966 and up to the second session of the Conference (item 13 of the agenda) (approved on 23 September 1966) .....	67
---	----

#### Other decisions

(a) Treatment of Guyana for the purpose of elections to subsidiary bodies .....	68
(b) Designation of an inter-governmental body for the purpose of rule 78 of the Board's rules of procedure .....	68
(c) Designation of inter-governmental bodies for the purpose of rule 78 of the Board's rules of procedure .....	68
(d) Designation of non-governmental organizations for the purpose of rule 79 of the Board's rules of procedure .....	69
(e) Referral to the Committees of the Board of the "Review of International Trade and Development, 1966" and of the summary records of the discussion on implementation as well as of the report of the Board on its fourth session .....	69
(f) Transmittal of draft provisional agenda for the second session of the United Nations Conference on Trade and Development .....	69
(g) Venue and date of the second session of the United Nations Conference on Trade and Development .....	69
(h) Establishment of the UNCTAD/FAO inter-sessional working party on forest and timber products .....	69
(i) Establishment of an inter-governmental group on supplementary financing .....	69

### RESOLUTIONS

#### 30 (IV). URGENCY OF INCREASING THE VOLUME OF DEVELOPMENTAL ASSISTANCE

##### *The Trade and Development Board,*

Recalling the recommendation contained in annex A.IV.2 of the Final Act of the United Nations Conference on Trade and Development<sup>a</sup> in which developed countries were called upon to endeavour to supply, in the light of the principles laid down in the recommendation contained in A.IV.1, financial resources to developing countries of a minimum net amount

approaching, as nearly as possible, 1 per cent of their national incomes,

Noting that the Development Assistance Committee of the Organization for Economic Co-operation and Development recognized that the requirements of developing countries were large and expanding, and that continued efforts were needed to elicit a larger volume of assistance,

Noting also the finding of the International Bank for Reconstruction and Development, in its annual report for 1964-1965, that the capability of developing countries to make productive use of resources has now increased so that they can effectively use, on an average over the next five years, some \$3,000 million to \$4,000 million per year more than they have actually received in the recent past,

Recalling the concern expressed in General Assembly resolution 2088 (XX) of 20 December 1965 about the fall in the quantum of assistance to developing countries in recent years

<sup>a</sup> See *Proceedings of the United Nations Conference on Trade and Development*, vol. I, *Final Act and Report* (United Nations publication, Sales No.: 64.II.B.11), p. 43.

and the consequent reiteration of the request to the developed countries to take urgent measures to ensure and accelerate the flow of international assistance and long-term capital to developing countries in the required measure,

*Welcoming*, however, that the flow of financial resources to developing countries increased in 1965,

*Bearing in mind* the Secretary-General's conclusion in his report (TD/B/82 and Add. 1-4) that the rate of growth of the developing countries as a whole was well below the 5 per cent per annum specified for the United Nations Development Decade,

*Recognising* that, on account of the rapid increase in the population of the developing countries, the decline in the rate of growth in *per capita* income has been even steeper than in aggregate national incomes,

*Recognising* that the developing countries and the economically advanced countries are involved in a common effort to accelerate the rate of economic and social progress in the developing countries; and that the achievement of this goal depends, *inter alia*, upon the effective mobilization and use by the developing countries of their resources, the degree and nature of financial support and technical co-operation made available by the more economically advanced countries, and the relationship of one with the other,

1. *Invites* developed countries to provide urgently for suitable increases in the net flow of their developmental assistance in order to attain the UNCTAD target as defined in recommendation A.IV.2, having regard, however, to the special position of certain countries which are net importers of capital;

2. *Invites* developing countries urgently to make all possible efforts to increase the mobilization of their domestic resources to the fullest extent possible.

108th plenary meeting,  
17 September 1966.

#### 31 (IV). TECHNICAL ASSISTANCE IN TRADE AND RELATED FIELDS

##### *The Trade and Development Board,*

*Recognising* the particular needs of the developing countries for international assistance in promoting their exports and raising their income from invisible transactions,

*Taking account* of existing technical assistance facilities of the United Nations and other inter-governmental organizations in the fields of export promotion and invisibles, and having regard to the need to avoid unnecessary duplication of efforts,

*Having considered* the note by the Secretary-General of UNCTAD on United Nations technical assistance activities in trade and related fields (TD/B/97 and Add.1),

*Bearing in mind* General Assembly resolution 1995 (XIX) of 30 December 1964 which provides that one of the principal functions of UNCTAD is "to promote international trade, especially with a view to accelerating economic development",

*Considering* that several recommendations of the first session of the Conference call for the provision of expansion of United Nations technical assistance in support of the Conference's objectives (in particular the recommendations contained in annexes A.II.4, A.II.5, A.II.3, A.III.4, A.III.8 and A.IV.24 to the Final Act),<sup>b</sup>

*Noting* paragraphs 32 and 77 of the report of the Governing Council of the United Nations Development Programme (UNDP) on its second session (E/4219),<sup>c</sup> referring to the opportunities for extending UNDP assistance to marketing services, export promotion and tourism, and to UNDP's readiness to be actively associated with UNCTAD in its endeavours to improve the trading position of the developing countries,

1. *Invites* the United States Development Programme and the Secretary-General of the United Nations to give all due consideration to requests from the developing countries for technical assistance in the fields of export promotion and invisibles, including shipping, insurance and tourism;

<sup>b</sup> *Ibid.*, pp. 31, 36, 37, 41 and 55.

<sup>c</sup> *Official Records of the Economic and Social Council, Forty-first Session, Supplement No. 11A.*

2. *Welcomes* the statements of the Secretary-General of UNCTAD that the secretariat is ready to play an effective role in technical assistance activities by providing substantive support to such activities and not by adding further machinery to what already exists;

3. *Recommends* to the Secretary-General of the United Nations and to the UNDP to ensure that the services available in UNCTAD are so utilized in the consideration of requests from developing countries, and in the execution of such requests, in the field of export promotion and invisibles, including shipping, insurance and tourism;

4. *Invites* the Secretary-General of UNCTAD to report to the fifth session of the Board on the arrangements made under paragraph 3 above;

5. *Recommends* further to the General Assembly to provide that the Secretary-General of UNCTAD shall be a member of the Inter-Agency Consultative Board of UNDP.

114th plenary meeting,  
23 September 1966.

#### 32 (IV). TRADE EXPANSION, ECONOMIC CO-OPERATION AND INTEGRATION AMONG DEVELOPING COUNTRIES

##### *The Trade and Development Board,*

*Recalling* the recommendations of the first session of the Conference regarding the necessity of expanding trade and promoting economic co-operation and integration among developing countries on a mutually beneficial basis,

*Conscious* of the significant contribution which collective self-help efforts among developing countries could make for accelerating development,

*Taking note* of the efforts undertaken by developing countries to expand trade among themselves, to establish regional or sub-regional markets and to plan development on an integrated basis,

*Appreciating* the sustained efforts undertaken by the regional economic commissions and the United Nations Economic and Social Office in Beirut in this field,

*Considering* that the reports submitted to the Board (report of the Committee of Experts on "Trade Expansion and Economic Co-operation among Developing Countries", TD/B/68 and Add. 1-3;<sup>d</sup> report of the UNCTAD secretariat on "Trade Expansion and Economic Integration among Developing Countries", TD/B/85) require detailed study and discussion with a view to defining the action programmes that might be adopted by the time of the second session of the Conference,

1. *Requests* the Secretary-General of UNCTAD to transmit the two reports to the regional economic commissions, the United Nations Economic and Social Office in Beirut and the existing economic groupings of the developing countries for their consideration, comments and suggestions;

2. *Requests* the Secretary-General of UNCTAD to transmit the reports to the international and regional financial institutions and appropriate inter-governmental organizations offering them the opportunity to comment on the suggestions contained therein that relate to them;

3. *Decides* that a discussion on trade expansion, economic co-operation and integration, on a regional, sub-regional and inter-regional basis, among developing countries will take place at its fifth session with special regard to the following points:

(a) The action to be taken by developing countries,

(b) The international action to be taken in support of the efforts of the developing countries,

(c) The further steps for preparing the programmes to be considered in this respect at the second session of the Conference;

4. *Invites* the Secretary-General of UNCTAD to assist, as may be requested, existing economic groupings of the developing countries in the consideration and preparation of this subject matter.

114th plenary meeting,  
23 September 1966.

<sup>d</sup> To be issued as a United Nations publication.

## DECISIONS

### Second session of the United Nations Conference on Trade and Development

#### 34 (IV). DRAFT PROVISIONAL AGENDA FOR THE SECOND SESSION OF THE CONFERENCE

##### I. Trends and problems in world trade and development

(a) Review of recent developments and long-term trends, implementation of the recommendations and other provisions of the Final Act of the first Conference—consideration of further action.

(b) Steps to achieve a greater measure of agreement on principles governing international trade relations and trade policies conducive to development (see annexes A.I.1, A.I.2 and A.I.3 of the Final Act of UNCTAD, 1964).

(c) Trade relations among countries having different economic and social systems including problems of East-West trade, paying attention particularly to the trade interests of developing countries and taking into account the work in this field of other United Nations organs, including the regional economic commissions.

(d) Impact of the regional economic groupings of the developed countries on international trade including the trade of the developing countries.

##### II. Commodity problems and policies

(a) Review of recent developments and long-term trends in commodity trade including activities of commodity groups and other commodity bodies in the light of recommendations and other provisions of the Final Act of the first Conference.

(b) Main elements of commodity policy including international commodity arrangements and other techniques of commodity market stabilization:<sup>a</sup>

- (i) Operation and financing of buffer stocks;
- (ii) Role and financing of diversification programmes;
- (iii) Basic principles and guidelines for pricing policy designed to [maximize] receipts from export of primary commodities.

(c) Programme for the liberalization and expansion of trade in commodities of interest to developing countries.

##### III. Expansion and diversification of export of manufactures and semi-manufactures of developing countries

(a) Review of recent developments and long-term trends in trade in manufactures and semi-manufactures in the light of recommendations and other provisions of the Final Act of the first Conference.

(b) Preferential or free entry of exports of manufactures and semi-manufactures of developing countries to the developed countries.

(c) Programme for the liberalization and expansion of trade in manufactures and semi-manufactures of interest to developing countries.

(d) Measures for the promotion, expansion and diversification of exports of manufactures and semi-manufactures from developing countries; co-operation with the United Nations Industrial Development Organization (UNIDO) aimed at the

<sup>a</sup> It was emphasized by a number of countries that these matters would need to be examined in relation to the situation in particular commodities.

establishment and expansion of export oriented industries in developing countries; other forms of economic, industrial and technical co-operation.

(e) [Arrangements leading to the reshaping of the existing international division of labour.]

##### IV. Growth, development finance and aid (synchronization of international and national policies)

(a) Review of recent developments and long-term trends in the light of recommendations and other provisions of the Final Act of the first Conference.

(b) Financial [resources and] requirements of developing countries.

(i) [Measures for increasing] the flow of international public and private capital to developing countries

(ii) [Measures for improving] the terms and conditions of aid

(iii) [Measures for dealing with] the problem of international indebtedness

(c) Supplementary financial measures.

(d) Compensatory financing.<sup>f</sup>

(e) [Reform of the international monetary system—measures for international reserve creation and their relation to development finance and trade of developing countries.]

##### V. Problems of developing countries in regard to invisibles, including shipping

(a) Review of recent developments and long-term trends in the field of invisibles, including shipping, in the light of the recommendations and other provisions of the Final Act of the first Conference.

(b) Level and structure of freight rates, conference practices and adequacy of shipping services—progress report on studies by the secretariat.

(c) Shipping industry in developing countries, including expansion of merchant marines of developing countries.

(d) Consultation machinery in shipping.

(e) Port improvements. Progress report on studies by the secretariat.

(f) [International legislation on shipping.]

(g) Transfer of technology, including know-how and patents.

##### VI. Trade expansion and economic integration among developing countries, measures to be taken by developing and developed countries, including regional, sub-regional and interregional arrangements

##### VII. Special measures to be taken in favor of the least developed among the developing countries aimed at expanding their trade and improving their economic and social development

##### VIII. General review of the work of UNCTAD

(a) Activities of the organs of the Conference.

(b) Technical assistance activities relating to trade, including training of technical and special staff of developing countries.

118th plenary meeting,  
24 September 1966.

<sup>f</sup> Reservation entered by group B concerning the need for a specific sub-item on this subject.

## Calendar of meetings

#### 33 (IV). CALENDAR OF UNCTAD MEETINGS FOR THE REMAINDER OF 1966 AND UP TO THE SECOND SESSION OF THE CONFERENCE<sup>a</sup>

	1966	Duration	Location
Expert Group on Reinsurance .....	26 Sept.-8 Oct.	2 weeks	Geneva
Advisory Committee to the Board and to the Committee on Commodities .....	27-30 September	4 days	Geneva
Inter-governmental Group on Supplementary Financing <sup>b</sup> .....	10-14 October <sup>c</sup>	1 week	Geneva
Preparatory meetings on cocoa .....	October-November	To be determined	

	1966	Duration	Location
UNCTAD/FAO Working Party on Timber and Forest Products .....	31 Oct.-7 Nov. <sup>1</sup>	1 week	Geneva
Sugar consultations .....	To be determined	To be determined	
[Exploratory meeting on copper .....	To be determined	To be determined]	
	1967	Duration	Location
Committee on Commodities, second session, and Permanent Sub-Committee on Commodities, resumed first session .....	10-27 January	3 weeks	Geneva
Committee on Manufactures, second session	31 Jan.-15 Feb.	2½ weeks	Geneva
Group on Preferences, second session .....	31 Jan.-8 Feb.	9 days	Geneva
Commodity conference .....	To be determined	5 weeks	To be determined
Committee on Shipping, second session ....	21 Feb.-8 March	2½ weeks	Geneva
[Permanent Group on Synthetics and Substitutes, first session] .....	To be determined	9 days	To be determined
Committee on Invisibles and Financing related to Trade, second session .....	4-19 April	2½ weeks	New York
Trade and Development Board, fifth session	4-30 May	4 weeks	Geneva, or if impossible, New York
Commodity conference .....	To be determined	7 weeks	To be determined
Second session of the Conference .....	Sept.-Oct.	7 weeks	New Delhi
Advisory Committee to the Board and to the Committee on Commodities, second session .....	To be determined	2 weeks	To be determined
Eight expert groups <sup>k</sup> .....	To be determined	16 weeks	To be determined

*Note:* All meetings for the remainder of 1967 to be determined in the light of decisions taken at the second session of the Conference.

114th plenary meeting,  
23 September 1966.

<sup>2</sup> It was understood that the Secretary-General of UNCTAD would have, in consultation with Governments, some flexibility in arranging the meetings should circumstances make this desirable.

<sup>b</sup> Provision to be made for two further meetings of this Group in 1966-1967 if required. Dates and location of these two meetings to be determined.

<sup>1</sup> Dates approved by the Board at its 95th plenary meeting.

<sup>1</sup> Dates approved by the Board at its 107th plenary meeting.

<sup>k</sup> The 1967 budget estimates provide \$115,000 for eight sessions of *ad hoc* expert meetings and of the Advisory Committee to the Board and to the Committee on Commodities. These were intended to provide expert advice to the continuing machinery of UNCTAD. A number of similar meetings have already taken place during 1966. It would be the intention of the Secretary-General of UNCTAD during 1967 to use this credit to provide for further meetings of some of the expert groups that had already met, and possibly for such groups as might prove useful in connexion with the preparations for the second session of the Conference. It is envisaged that any new groups concerned with the Conference would result from discussions at meetings of the main committees or the Board to be held during the first part of 1967.

## OTHER DECISIONS

### (a) TREATMENT OF GUYANA FOR THE PURPOSE OF ELECTIONS TO SUBSIDIARY BODIES<sup>1</sup>

At its 105th plenary meeting on 13 September 1966, the Board decided that, for the purpose of elections to subsidiary bodies, Guyana should be treated as if it were in the group of States listed in part C of the annex to General Assembly resolution 1995 (XIX).

### (b) DESIGNATION OF AN INTER-GOVERNMENTAL BODY FOR THE PURPOSE OF RULE 78 OF THE BOARD'S RULES OF PROCEDURE<sup>2</sup>

At its 107th plenary meeting on 16 September 1966, the Board decided to designate the Council of Arab Economic

Unity for the purpose of participation in the deliberations of the Board and its subsidiary bodies under rule 78 of the rules of procedure.<sup>3</sup>

### (c) DESIGNATION OF INTER-GOVERNMENTAL BODIES FOR THE PURPOSE OF RULE 78 OF THE BOARD'S RULES OF PROCEDURE<sup>4</sup>

At its 113th plenary meeting on 23 September 1966, the Board decided to examine at its fifth session the application of the provisions of rule 78 of its rules of procedure regarding the participation of inter-governmental bodies in the work of the

<sup>2</sup> For the list of inter-governmental bodies designated at the Board's second and third sessions, see *Official Records of the Trade and Development Board, Second Session, Supplement No. 1 and idem, Third Session, Supplement No. 1, "Other decisions"*.

<sup>3</sup> See part Two of the present report, para. 163.

<sup>1</sup> See part Two of the present report, para. 195.

<sup>2</sup> *Ibid.*, para. 162.

Board, taking into account the character and field of interest and competence of such organizations. In this connexion, the Secretary-General of UNCTAD was requested to submit to the Board at its fifth session a document outlining the considerations which should be taken into account in determining whether or not to limit the participation of inter-governmental bodies to one or more subsidiary bodies of the Board.

**(d) DESIGNATION OF NON-GOVERNMENTAL ORGANIZATIONS FOR THE PURPOSE OF RULE 79 OF THE BOARD'S RULES OF PROCEDURE<sup>p</sup>**

At its 107th plenary meeting on 16 September 1966, the Board decided to review at its fifth session the Arrangements for the participation of non-governmental organizations, particularly the criteria set out in part I of its resolution 14 (II) regarding the establishment of the list of non-governmental organizations provided for in rule 79 of the rules of procedure. For the purpose of this review, the Secretary-General of UNCTAD was requested to submit proposals to the Board at that session and to ensure that Governments would have sufficient time to consider these proposals beforehand.

**(e) REFERRAL TO THE COMMITTEES OF THE BOARD OF THE "REVIEW OF INTERNATIONAL TRADE AND DEVELOPMENT, 1966" AND OF THE SUMMARY RECORDS OF THE DISCUSSION ON IMPLEMENTATION AS WELL AS OF THE REPORT OF THE BOARD ON ITS FOURTH SESSION<sup>q</sup>**

At its 115th plenary meeting on 23 September 1966, the Board decided, in pursuance of paragraph 6 of resolution 19 (II), to request the Secretary-General of the Conference to bring to the attention of the Committees of the Board the report entitled "Review of International Trade and Development 1966" (TD/B/82 and Add.1, 2, 3 and 4) as well as the summary records of the discussions on implementation at the fourth session of the Board and the Board's report on that session, so as to enable the Committees to review and assess the implementation of the recommendations of the first session of the Conference in accordance with their terms of reference and to consider the line of further action necessary to facilitate their task of assisting the Board in the preparation of the second session of the Conference.

**(f) TRANSMITTAL OF DRAFT PROVISIONAL AGENDA FOR THE SECOND SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT<sup>r</sup>**

At its 118th plenary meeting on 24 September 1966, the Board decided to forward the draft provisional agenda for the second

session of the Conference to all States members of UNCTAD, to the subsidiary bodies of the Board, to the regional economic commissions of the United Nations and to the United Nations Economic and Social Office in Beirut, as a basis for the preparation of the second session of the Conference, and for such comments, observations or recommendations as they might wish to submit to the Board at its fifth session on the substance of the items in the draft provisional agenda.

**(g) VENUE, DATE AND DURATION OF THE SECOND SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT<sup>s</sup>**

At its 115th plenary meeting on 23 September 1966, the Board considered the report of the Secretary-General of the Conference (TD/B/79) regarding the venue, date and duration of the second session of the United Nations Conference on Trade and Development in the light of General Assembly resolution 2085 (XX) of 20 December 1965 and of its own resolution 27 (III). It decided to accept the offer of the Government of India of host facilities for the second session of the Conference and to recommend to the General Assembly that the Conference be held in New Delhi for a period of seven weeks beginning in September 1967, the exact date in that month to be decided by the General Assembly in the context of the calendar of United Nations meetings.

**(h) ESTABLISHMENT OF AN UNCTAD/FAO INTER-SESSIONAL WORKING PARTY ON FOREST AND TIMBER PRODUCTS<sup>t</sup>**

At its 107th plenary meeting on 16 September 1966, the Board approved the decision taken by the Committee on Manufactures at its resumed first session concerning the establishment of a joint UNCTAD/FAO inter-sessional working party, consisting of experts appointed by interested member countries, to deal with forest and timber products.

**(i) ESTABLISHMENT OF AN INTER-GOVERNMENTAL GROUP ON SUPPLEMENTARY FINANCING<sup>u</sup>**

At its 95th plenary meeting on 2 September 1966, the Board approved the decision taken by the Committee on Invisibles and Financing related to Trade at its resumed first session to establish a small group of Government representatives, with the requisite expertise, to study and report on the scheme of supplementary financial measures set out in the study prepared by the staff of the International Bank for Reconstruction and Development entitled "Supplementary Financial Measures" (TD/B/43).

<sup>p</sup> *Ibid.*, para. 161.

<sup>q</sup> *Ibid.*, para. 46.

<sup>r</sup> *Ibid.*, paras. 72 and 74.

<sup>s</sup> *Ibid.*, para. 78.

<sup>t</sup> *Ibid.*, para. 133.

<sup>u</sup> *Ibid.*, para. 147.

## **Annex B**

### **NEGOTIATION OF A COCOA AGREEMENT: TEXT OF A JOINT DECLARATION SUBMITTED BY THE DEVELOPING COUNTRIES MEMBERS OF THE BOARD AT THE 108th PLENARY MEETING ON 17 SEPTEMBER 1966**

The developing countries members of the Trade and Development Board, present at its fourth session in Geneva, having studied the report of the Secretary-General of UNCTAD and the statements of delegations on the results of the United Nations Cocoa Conference held in New York in 1966, have decided to make public their unanimous position on the failure of the New York Conference and on the possibilities of speedily reaching an agreement.

1. The developing countries express their deep disappointment at the failure of the New York Cocoa Conference;

Regret to note that many developed countries signatories of the Final Act of the first United Nations Conference on Trade and Development have not yet demonstrated their political will to implement the recommendations to which they subscribed in Geneva in 1964;

Regret in particular that a minority of the developed countries have not been able to accept the proposal for a remunerative minimum price put forward by the producing countries.

2. The developing countries reiterate their unanimous will to reach a cocoa agreement speedily and before the second session of the United Nations Conference on Trade and Development, and hope that fresh efforts may be directed to the conclusion of an agreement which will answer their needs in conformity with the recommendations of the first session of UNCTAD, especially the following:

- (a) Stable and remunerative prices;
- (b) Effective buffer-stock machinery for the maintenance of the minimum price;
- (c) Pre-financing of the first buffer stock on favourable terms by international finance institutions or by the Governments of developed countries;
- (d) Effective means of control;
- (e) Adoption of measures for the reduction of barriers to the trade in cocoa and to its consumption, with due regard to the recommendations of annex A.II.1 of the Final Act of the first session of UNCTAD.

3. The developing countries have taken note of the statements made by the developed countries during the discussion on item 9 in plenary meeting to the effect that they would make every effort to meet the wishes of the producing countries.

4. The developing countries consider that future negotiations must take account of the substantial concessions made by the producing countries during the negotiations in New York, and feel that a similar effort by the developed countries could make an effective contribution to the achievement of an international cocoa agreement.

## Annex C

### STATEMENT MADE BY THE SECRETARY-GENERAL OF THE CONFERENCE AT THE 93rd PLENARY MEETING OF THE BOARD ON 31 AUGUST 1966

Mr. President, distinguished representatives and observers, and my good friend and colleague Philippe de Seynes.

I am most grateful to you, Mr. President, for calling upon me this morning to introduce the secretariat's first review of the implementation of the recommendations of the first Conference. I do not think it desirable that I should take up the Board's time by commenting on the report. I would like rather to take this opportunity of saying a few words about past events and also to turn my mind towards the immediate future, namely, the preparations for the Second Conference on Trade and Development.

The figures presented in the report give no grounds for complacency. What we were pleased to call, with high hopes, the Development Decade, is taking on more and more the familiar look of illusions which are soon to be shattered. The average growth rate—4 per cent—recorded by the developing countries during the 1960-1964 is still very far from the 5 per cent minimum fixed as the target of the Development Decade. I believe that it is of the utmost importance to consider why this policy which had begun to take shape has not borne the fruit that was expected. To use the word policy is something of an over-statement, because I wonder, in view of developments, whether there really was a world development policy, whether there really ever was a series of properly interrelated measures reflecting the highly complex reality of a world in the process of development and at the same time taking into account the magnitude of the problems to be solved.

In saying this I do not mean to deny that a series of measures—many of them very sound and in part effective—have been taken; but they are far from providing a complete answer to an economic and social situation which is essentially different from that which had to be faced during the growth of capitalism by the countries which have now reached an advanced stage of economic development. The phenomena we are facing today are new both in kind and in degree, and it is useless to look for historical parallels. There are, of course, certain similarities; but the nature of the problems to be solved today in the economic and social development of the peripheral countries is fundamentally different from those which faced the great industrial countries as they evolved. These phenomena reflect, essentially, the complexity of the process whereby modern scientific and technological advances are making headway in the developing world. We are witnessing the transplantation of a highly sophisticated technology, which requires an extremely high capital investment per unit of manpower in order to save labour, into countries where manpower is relatively abundant but the capacity for capital formation is very low. This is creating the extremely serious problem of inability of the advanced sectors of the economy to absorb manpower productively. I have drawn attention to this problem on many occasions, and I believe that we must be prepared to see it get worse rather than better unless there is a fundamental change in policy.

While the developing countries are faced with this contradiction between modern technology and their ability to assimilate it, the problem of the dynamic weakness of the developing countries is aggravated by other consequences of technical progress: is not the rising growth rate of the population in the peripheral countries likewise a consequence of scientific and technical progress? At the same time, we find that during the last few decades this same modern technology as applied to the media of mass communication has been largely responsible for spreading throughout the third world social phenomena and consumption patterns typical of the advanced countries, in an

attempt to imitate their way of life. Finally, when the developing countries try to speed up their rate of growth they find that, in addition to the internal obstacles to this process, their path is blocked by external obstacles as well, some of them similarly deriving from the adverse effect on the developing countries of scientific and technological progress in the advanced countries. I am referring to the well-known direct and indirect effects of scientific and technical progress on the demand for primary products.

These are the fundamental problems which will have to be faced in the coming years. I should like to comment on just one of the problems I mentioned a moment ago—the fact that the economies of the developing countries are insufficiently dynamic to absorb productively in the modern sector the growing increase in the available labour force. The proportion which is absorbed in the modern sector of the economy in general is only a fraction of the increase in the labour force. While the phenomenon of unemployment is not always very evident, what we do find is underemployment, or precarious employment, outside the modern sector of the economy; and this gives rise to growing economic and social tension. Moreover, in my opinion this tension is only in its infancy; we are witnessing the beginnings of a phenomenon liable to develop in a mushroom growth, which should be a matter of great concern here and now. In saying this I have in mind the future consequences of the inevitable technological revolution which the agriculture of the peripheral countries is bound to undergo. Representatives are doubtless fully aware of the growing seriousness of the problem of production of foodstuffs in the developing world. The Director-General of FAO, Dr. Sen, has just drawn urgent attention to the growing danger of famine in some parts of the world. In this connexion, it is worth mentioning that the United States has revised its policy in this respect and instead of continuing to restrict the abundant production of foodstuffs, has decided to expand production so as to be able to cope with the problem now arising and doubtless due to continue to arise until fundamental solutions are found—and this can only come about with the introduction of new techniques. But as these new techniques are applied to the agriculture and marketing procedures of the peripheral countries, the problem of redundant labour will tend to become more acute. There is no reason to believe that in this case there will not be a repetition of the past experience of countries which have gone through or are still going through this stage. I shall not generalize, however, and assume that what happened in the large countries will happen again. One cannot generalize, for a very simple reason—and here again the historical parallel breaks down—in the large industrial centres of the world, not excepting the USSR, the improvement of agricultural productivity by the application of advanced technology took place after those countries had acquired a solid industrial basis which enabled them to absorb the surplus labour without too much trouble. Yet we find that even this was insufficient, since agriculture had to have special protective measures because the speed at which the process took place was not as rapid as it would have had to be. The contrast with what is happening and will happen in the developing countries is noteworthy, because population growth and the inescapable need to achieve a rapid improvement in agricultural productivity and the marketing of agricultural products in order to keep pace with this growth and the rising levels of living, are making their appearance in circumstances where industry and skilled services are not yet ready to absorb this surplus population. This will certainly aggravate the problem of the dynamic weakness of the peripheral economies in coping with the consequences of the introduction of modern technology.

I have drawn attention to this fact because the more I reflect on it, and the more I observe the phenomena occurring in the various parts of the third world, the more I become convinced of the vital necessity for tackling the problem boldly and trying to determine its magnitude in order to devise corrective measures and policies in keeping with its nature and scope. I do not believe, incidentally, that an enlightened demographic policy is going to be of decisive importance during the next twenty years. I do not doubt that sooner or later—and the sooner the better—the developing countries will have to face up boldly to the problem of the high rate of population growth, which is rising with such alarming speed that in a number of countries in Latin America today population growth has already reached the figure of 3.5 per cent per annum. There is no evading this problem. It is of course not merely a matter of economics. It is a grave mistake to regard population control as an alternative to investment. This is a social and moral problem with economic implications, and it requires extremely delicate handling. But even if this extremely important aspect of our present problems were resolutely tackled, we should not let ourselves be deluded into thinking that the effects of such a policy will make themselves felt within the next twenty years. The workers who are going to swell the labour forces of the developing countries during the next twenty years are already born. It is those who could come after that will be affected by a demographic policy. Hence the next twenty years will be the difficult period when an alarmingly inflated labour force will be seeking work in the modern sector of the economy. What can international co-operation do to help the developing countries to solve this grave problem? I would say, first of all, that although I attach very great importance to international co-operation, the main point is the responsibility of the developing countries. I shall have something to say on this point further on in my statement.

To meet this requirement it will be essential to step up the rate of growth of the economy—and hence the level of investment—to well beyond the very modest rate of 5 per cent laid down for the Development Decade. But I should like to deal with international co-operation by considering first of all its financial aspects. I hesitate to repeat what has been said recently so often. As you yourself said yesterday, Mr. President, as the Secretary-General of the United Nations said in what I would describe as very affecting words at the last meeting of ECOSOC, and as Mr. Woods, the President of the World Bank, has said time and time again: the flow of international financial resources from the developed countries to the developing countries remained stable from 1960 to 1964, whereas the revenues of the industrial countries increased at a very satisfactory rate. What does this mean? That whereas in 1961 we were approaching the target of the Development Decade—the transfer by the industrial countries of 1 per cent of their gross product to the developing countries—with a figure of 0.83 per cent by 1964, the proportion instead of improving had fallen to 0.65 per cent of the gross product of the industrial countries. In 1965, it is gratifying to note that there was some improvement—the volume of resources which the industrial countries transferred to the developing countries increased and the figure rose to 0.69 per cent—but this is still very far from the target of 1 per cent. I should make it clear, however, that owing to certain differences in the method of calculating the figures, the United Nations estimates do not always coincide with those of other bodies. I think an effort should be made to reach an agreement on method in this matter. What is certain, however, is that, whatever the source of the information, the inadequacy of the resources is manifest. Indeed, the President of the World Bank has made it quite clear that the effect of such recent transfers of international financial resources is being largely cancelled out by the growing burden of financial charges payable by the developing countries to the developed countries for international resources previously invested in the developing countries. According to the calculations of the World Bank, the figure amounts to 50 per cent of all new resources transferred by the developed countries to the developing countries. It need not come as a surprise, therefore, to note another vital point as a symptom of the present situation—a point, incidentally, which we stress in our report: there is no better pointer to the result of all these financial

operations than the volume which the developing countries can import over and above the level allowed their exports, in other words the net result of a policy of international financial co-operation. The figures before me indicate that in 1958 the peripheral countries were able to import \$2,900 million over what they exported—and this is a measure of the effectiveness of the financial co-operation policy at the time. By 1961, the figure had risen to \$3,100 million, only to decline steadily in subsequent years, so much so that in 1964 the corresponding figure was \$500 million and in 1965 \$400 million. Furthermore, the conditions on which financial assistance was granted have not improved—in fact they have deteriorated in certain respects, as in the case of medium-term assistance, and more recently of interest rates. Furthermore, there is still in existence, for understandable reasons so long as international monetary machinery fails to function effectively, the policy of loans tied to the purchase of capital goods in the countries granting the loans. We know that, generally speaking, this policy means that the developing countries are required to pay prices which are sometimes appreciably higher than the world market prices.

All this points to one reason, but by no means the only reason, why the growth target of 5 per cent has not been achieved. This is why an item on financing, which is of obvious concern to the developing countries, has been included in the provisional agenda submitted by the secretariat. The question of supplementary financing has also been included. I have on a number of previous occasions stated that I regard the report submitted by the International Bank for Reconstruction and Development as a highly constructive document, since it attempts to dispose of one of the most important aspects of the problem of external stability by providing supplementary resources to countries which have based their development plans on certain assumptions that their exports would expand, only to find that an unexpected decline in exports prevents them from implementing their plans as envisaged. This, in my opinion, is a matter of considerable importance.

In a moment I shall mention another point, namely, that of financing buffer stocks, when I come to refer briefly to the problem of primary products. In the meantime let me turn to the subject of trade, where again the report shows that little progress has been made since the first conference on many of the questions raised then in that field. The present situation is certainly different from that of three years ago, inasmuch as there is a better understanding of the problems, and there are forces in motion calculated to bring about a solution. Nevertheless, obstacles have been encountered that have still to be overcome. As regards primary commodities, the First Conference recognized the need to ensure that imports from the developing countries constituted a share of the increase in consumption of the industrial countries. One of the basic reasons for the failure of the Sugar Conference was precisely that it did not prove possible to implement that recommendation, for understandable reasons. The same problem did not arise in regard to the other primary commodity on which it was hoped to conclude an agreement, namely cocoa—a case which you, Mr. President, are quite familiar with, since you and Ambassador Amjad Ali were kind enough to agree to take the Chair at a series of meetings on this subject. However, no agreement has as yet been reached on cocoa, although all these meetings have led to the establishment of very sound bases, economically and financially speaking, as regards price stabilization and market control for cocoa. There were two main difficulties: price, and the lack of funds to cover the accumulation of buffer stocks in bumper harvest years that could be released on the market in lean years. The cocoa-producing countries reached agreement with the consumer countries to build up a fund, by means of contributions, geared to the respective volume of cocoa exports, for financing these regulating operations; but such a fund would take four, five or perhaps six years to build up, and consequently prior financing would be required. The difficulty is that the international financial agencies are not prepared under their statutes or because of their policies to deal with this problem. This is a basic weakness in the international financial machinery, which existed even before Bretton Woods, and still persists; hence I believe that under the relevant heading particular attention should be devoted to a discussion on the financing of buffer stocks, with due regard to

appropriate measures for joint international and national action to correct this basic weakness. In combination with the scheme for supplementary financing, this might provide the developing countries with the solution they have long sought to the problem of their external instability, which together with the slow growth of their primary exports constitutes one of the most serious obstacles to the achievement of a higher economic growth rate.

But as has been stated time and time again, even if all these aims are achieved, it will not solve once and for all the problem of the vast needs of the developing countries in the way of imports of capital equipment and intermediate and consumer goods. Exports of primary commodities alone, whatever their volume and regularity (and there are strict limits in this respect, apart from one or two exceptionally favoured products), and however sound the policy pursued in this direction, cannot solve the problem of the trade gap of those countries. Hence the inescapable need to continue stressing the importance of exports of manufactures from the developing countries. The idea of preferences, which won the support of very influential countries at the First Conference, has been the subject of a series of discussions, and I believe that from the intellectual standpoint distinct progress has been made. It has been recognized, for example, that even if the Kennedy Round is highly successful—and we hope it will be—and there is a considerable reduction in the level of customs tariffs of the major industrial countries, that would be no reason for not applying a policy calculated to abolish the remaining duties as far as the developing countries are concerned—in other words, a policy that would put the exports of those countries on an equal footing with the products of the industrial countries themselves.

While I am on the subject of the progress made from the intellectual standpoint, I must mention two arguments put forward on the question of a preference system for the developing countries. They are two serious arguments, or rather a single argument with two aspects: that preferences would militate against the most-favoured-nation clause and against multilateral world trade. It seems to me that one of the great achievements of the past in the trade field has in fact been the recognition of the need to ensure a steady flow of world trade and to stimulate it by applying the most-favoured-nation clause and promoting the principle of multilateralism. During the Great Depression the world witnessed the foundering of these two principles. But since then the industrial countries have succeeded in bringing them back into operation on a new basis, although notorious defects in the international monetary system have hampered this process. There is now a definite feeling that these defects must be remedied, and also, from another angle, the trade of all countries must be incorporated into the world trade system, including both the developing and the developed countries. There is no doubt that progress has likewise been made in regard to the realization of the economic and political need to solve this problem. But I cannot help wondering whether in fact a satisfactory formula has been found as regards the seventy-seven developing countries. If the existing situation continues, with the developing countries' share in world trade steadily declining and shrinking, how are we to secure for the developing countries, in their relations with the developed countries, the application of the most-favoured-nation clause and the principle of multilateralism in trade? In the thirties, world trade drifted into bilateralism, not through ideological conviction, but because there was a serious shrinkage of trade. But even if this had not been the case, what meaning could a multilateral system and the most-favoured-nation clause have for the developing countries if as a result of the slow growth of their exports they are forced to pursue a policy of import substitution, in separate watertight compartments, as they have done since the thirties, with all the drawbacks that offset the advantages of such a policy? The result would be the perpetuation of two worlds, a developed world with close and prosperous economic interrelations, and a developing world broken up into a large number of autonomous units, with an inadequate foreign trade, and an industrialization programme largely undermined by such compartmentalization.

Not only that, but the most-favoured-nation clause and the principle of multilateralism in trade are in serious jeopardy

at this very moment—and here I refer not to the developing countries alone but to the relations between certain developed countries or groups of countries and some developing countries. It is unfortunate, I feel, that we are in the habit of using the term preference policy in reference to two entirely different systems. The first is the attempt to obtain for all the developing countries a system of preferences in all the industrial countries without discrimination of any kind. The second is the concept of preferences whereby certain industrial countries take steps to obtain preference for their exports at the expense of other industrial countries, and at the same time grant preferential treatment to certain developing countries at the expense of other developing countries. So long as we continue to refer to both these entirely different systems as preferential systems, we are bound to run into confusion. The second type of preference system is essentially different from the first, and if it continues to expand, it will lead the world to a system of sectional or vertical preferences that will inevitably take us further and further away from the principle of the most-favoured-nation clause and the principle of multilateral trade. On the other hand general, non-discriminatory preferences granted to all the developing countries by all the industrial countries, in conjunction with other arrangements that the developing countries must make among themselves, will permit the latter to increase their productivity with the expansion of their markets and enable them as time goes on to participate, as developing countries, in a world policy to liberalize trade; and their participation in multilateralism and the application of the most-favoured-nation clause will thus be based on solid ground.

I must state frankly that I am greatly concerned over what is happening in this field, where my forebodings of over a year ago, which were greeted somewhat sceptically in some quarters, are now being fulfilled. I said that certain vertical preference systems would promote other similar systems in the world; and there are clear signs that this is the path we have embarked on. It is a dangerous path, and we should pause to reflect on the need to face this problem courageously and with a clear vision of the type of international economic world we want to establish. What should be our aims? Or are we to go on improvising, taking piecemeal measures which, when viewed as a whole, suggest that we have gone far to distort a process that could have been established on bases highly satisfactory to all concerned? I referred earlier on to the need to incorporate the trade of the socialist countries in the world trade framework, and I do not believe that this would in any way conflict with the application of the principle of multilateralism. In that connexion I would like to mention two statements made by the distinguished representative of the USSR, Mr. Patolichev, the Minister for Foreign Trade, on different occasions during the First Conference.<sup>a</sup> I should like to say, by the way, that I had the pleasure a few days ago of visiting Mr. Patolichev in Moscow, in response to his kind invitation, and discussing with him problems relating to the Second Conference.

On the two occasions referred to, Mr. Patolichev stated that the USSR was prepared to consider the multilateral expansion of its trade, with special reference to the developing countries, subject to the normalization of world trade and the increase

<sup>a</sup> Statements made by Mr. N. S. Patolichev (USSR) on 26 March 1964 and 13 June 1964, respectively (United Nations publication, Sales No.: 64.II.B.12, pp. 387 and 536):

"Developing bilateral trade and economic relations with other countries we at the same time do not exclude multilateral agreements when they are considered economically expedient for all partners in trade. The opportunities for the realization of the multilateral forms of trade and payment relations with other countries will grow alongside with the process of further normalization and expansion of international trade."

"In this connexion, we express our readiness to continue the practice of mutually acceptable forms of trade which involve no currency difficulties for the developing countries, including trade on a multilateral basis. The general normalization of world trade and, in particular, the increase in the number of countries with which we have normal trade relations, can greatly facilitate the above-mentioned broad expansion of our trade relations with the developing countries."

in the number of countries participating—and as a corollary, the number of products involved. Indeed, the larger the number of countries with which trade is conducted, and the broader the range of products, the less difficult it will be to operate a system of multilateral compensation of trade balances; in other words, the easier it will be to take the right path towards the great goal of multilateral trade throughout the world.

Before leaving this question of preferences, I would like to say that the UNCTAD secretariat has devoted special attention to one particular point. The situation of the developing countries varies widely; there is one group of countries that could take immediate advantage of a system of preferences to promote their industrial exports; on the other hand a good many relatively less developed countries within the third world would not be similarly in a position to do so. In establishing a preference policy, special attention must be given to this point to ensure that all countries can participate. This will require, in the case of the relatively less developed countries, a vigorous policy of establishing industries to enable their exports to compete on the world market. In all these matters I believe that the United Nations has before it a very broad field of action. The United Nations has already given technical assistance for export promotion, though on a limited scale. I believe that the best preference policy in the world could fail if it were not backed up by a vigorous export promotion policy, and here international co-operation will be needed in both the technical and the financial field in order to ensure the establishment and expansion of export industries, with special reference to the countries whose industrial development is in the embryo stage.

This is the essential significance of the document that the secretariat has submitted to the Governments members of the Board, with a view to interesting them in the idea of our taking an active part in technical assistance activities, not by adding further machinery to what already exists, but by making full use of the existing channels for the provision of technical assistance, both in export promotion and market analysis, and in the training of technicians from the developing countries.

While we in the Secretariat were discussing these problems among ourselves, I was gratified, as may be imagined, to see that Mr. Paul Hoffmann, the Administrator of the United Nations Development Programme, had spontaneously remarked at the recent conference at Milan that he intended to support with the resources of his organization such steps as UNCTAD might take to promote exports. With this support from the United Nations Development Programme, I believe we could do an effective job, especially in view of the fact that the United Nations is in a particularly favourable position to take action in this field for two fundamental reasons: in the first place export promotion cannot be carried out in a vacuum, with exports as such as the only concern; the development of exports must be related to a country's industrial capacity. And this being so, it is very important that UNCTAD and UNIDO have begun to work together in this sphere. Moreover, the Economic and Social Council, together with the regional economic commissions, which are in the field, should also participate in this collective operation by the United Nations Secretariat. Thus we have available a series of unparalleled devices for making our work effective and devoting particular attention to the major task of aiding those countries which are taking the first steps in the process of industrialization—in respect both of that process itself and of the opportunities offered them to begin exporting from the very beginning of the industrialization process.

I should now like to refer to the obverse of this same medal. The First Conference has been persistently criticized as having discussed measures required of the great industrial countries, whatever their economic and social system, to promote speedier development in the peripheral countries, without discussing what should be done by the developing countries themselves in the way of measures towards achieving these objectives. In the report I had the honour to submit to Governments before the Conference there is a chapter on these convergent measures, but perhaps for practical reasons, since

the Conference would have been extremely long drawn out, there was nothing on the agenda to direct discussion towards that topic. But now that we are studying the agenda, selectively I hope, perhaps the time has come to supplement the study of measures required of the great countries with measures which the developing countries should take to achieve the objectives of universal concern. What we are seeking, surely, is a structural change in the international economy which will enable the developing countries to export more in order to import more. Let us not forget, however, that the tremendous effort which the developing countries must make to assimilate modern technology cannot be achieved effectively unless these countries, in turn, introduce basic reforms in their economic and social structure. The whole problem of the slow pace of world food production to which I referred earlier on is not merely a problem of lack of technology. In many of the developing countries the problem is the obsolete system of land tenure; and unless it is dealt with forcefully through land reform, technological progress will meet with obstacles that will in many instances prove insurmountable.

Again, can it be said that the present social structure in many of the developing countries is conducive to the assimilation of technology? So long as serious obstacles continue to obstruct social mobility and prevent men of dynamic force from moving up from the bottom to positions of responsibility in the economic life of a country and in its activities generally, we cannot hope for any spectacular achievement in assimilating modern technology and solving the problems to which it gives rise. Is the social purpose of development likely to be achieved while out-moded forms of privilege in income distribution prevail which put no premium on efficiency and are not really conducive to the participation of all members of the nation in the productive process? And as a corollary to this question, will we be able to marshal the resources of the developing countries to the extent required without tackling these problems at the root? Education is a powerful element in social mobility and the rise of capable men to the top. Yet education unaccompanied by a higher growth rate will merely serve to aggravate still further the tension that must arise when the dynamic elements whose wits are sharpened by education and who have been trained for a part in the life of their country are faced with a sluggish rate of development that prevents the full use of their energies in its economic life, thus creating dangerous social and political tensions.

Lastly, in whatever direction we look, we find that side by side with international co-operation there must be a readiness on the part of developing countries themselves to take a series of sweeping measures, broad and far-reaching, if the world is to achieve an effective development policy. But let us guard against the simple slogan that "if the developing countries act first we will then consider the advisability and the feasibility of international co-operation measures". I must speak quite frankly on this point. I believe that the world needs convergent, simultaneous and properly concerted measures. All these structural reforms—land reform, reforms conducive to the marshalling of financial and human resources, the campaign against inflation, the deadly poison of inflation which is causing such havoc in a number of developing countries—will be much more difficult to carry out if the economy continues to develop at a sluggish pace. The task will be considerably easier if income growth rates can be raised not merely to 5 per cent, but perhaps to 6, 7 or 8 per cent. A high development rate will make it easier for the developing countries to take the domestic measures required.

While I am on the subject I must mention another essential structural reform, namely the need for vigorous action to increase trade among developing countries by means of regional and sub-regional groupings and through measures to bring the different developing regions closer to one another from a trade standpoint. From my own observation of what has happened in Latin America I know how difficult it is to move forward in this area. We ask the developed countries to lower their customs barriers, but when we come together to discuss the problem among ourselves we are faced with the same obstacles and objections as in the developed countries; and a determined effort must be made to overcome them, because industrialization in the peripheral countries cannot expand if

their markets remain small. This is an established fact; but in practice we come up against enormous difficulties, though these can be considerably lessened provided the economy, with stimulus from abroad, develops at a more rapid rate. That is why I believe that the measures must be simultaneous, convergent and properly concerted. I think, Mr. President, that I am reflecting the words you spoke yesterday, referring to the need to combine measures in the two groups of countries—the developed and the developing; and it seems to me that a climate is being created which is conducive to consideration of these problems in this form. Speaking at the third session of the Board, the distinguished representative of Switzerland spoke of the need for synchronized action and convergent measures by both sides. I recall too that concern on the same point was expressed by Mr. Bot, the distinguished Minister responsible for development aid in the Netherlands, in a striking statement made in the Second Committee of the Assembly last year. He said that though he had found development in the present Decade to be illusory “if we move rapidly we may use the last years of this Decade to prepare a new development strategy”; and that “our development strategy has proved unequal to its admittedly gigantic task”.<sup>b</sup>

I believe that we ought to examine the possibility of formulating policy for economic development in which, as I said before, the measures to be taken by the industrialized countries and those to be taken by the developing countries will converge. I am not speaking merely of a statement of objectives, but also of the need for progressive quantification of those objectives both in the financial and in the trade sphere. It is remarkable how much knowledge the world has been accumulating on this subject. Consideration of this problem leads by the sheer force of logic to the need to quantify, to establish the size of the objectives to be pursued and the extent of the resources required, both financial and in trade, to attain those objectives. My colleague Philippe de Seynes had the felicitous notion of convening for the first time a seminar of planning experts at which, in addition to the consideration of problems at the national level, the possibility was examined of progressively quantifying the objectives of certain planning measures in the international field. I think that enough experience has been gained to enable us to move with a certain freedom in this direction. We see, for example, that FAO has had the vision to undertake an outline plan for agricultural production, which seems to me of the highest importance as calculated to give some idea of the magnitude of the problem which will confront the world and suggest a suitable policy for meeting it. I therefore feel that the time may have come to gather together our scattered forces and consider seriously the possibility of framing an over-all development policy at the national and international level with the consensus of the Governments concerned. I say this because when a few months ago the World Bank submitted its scheme for supplementary financing, some very important questions were raised which were outside the scope of the strictly technical scope of the report. I remember that the delegations of various developing countries questioned me about this. They said I had pointed out—as I did in my opening statement—that supplementary financing was based on the idea of planning. A plan is the reflection, the translation into

concrete measures, of an economic and social development policy. If in order to obtain the necessary basic or supplementary financing for the fulfilment of a plan a country's economic and financial policy had to be subject to a process of evaluation, did not that amount to poaching on the country's inalienable preserves? The political importance of the question thus raised is perfectly clear. But what is the answer? The national counterparts of a world economic development policy will of course be formulated by the industrialized and developing countries themselves, reaching agreement in international bodies on the broad outlines of policies for economic and social development and for international economic co-operation. Such a thing can only be done by consensus. Once such a consensus has been reached, a number of criteria and guiding principles will be available for assessing the validity of economic plans; moreover, as I have said more than once, I think that all this is going to make us take a new look at the suggestion that before being submitted to lending agencies, plans should be evaluated by an impartial group of international experts who would assess them both from the standpoint of the targets laid down by the country concerned and from the standpoint of objectives agreed upon at the international level by both groups of countries.

Perhaps it may be suggested that I am thinking in terms of long-range solutions which are out of the picture in considering pressing current problems. All too often it happens when awkward practical problems have to be faced that a more general solution is sought which diverts attention from discussing the immediate issue. That is not what I am doing at the moment. It seems to me that a clear recognition and appreciation of the need to formulate a policy on the scale I have outlined is no reason whatever for failing to press on with the search for the means of achieving fruitful negotiations at the next Conference. In my opinion the Second Conference must be essentially a negotiating conference, and sufficient progress has already been made in respect of certain problems to make this possible. I also believe that, if we advance along the lines I have suggested, it will be possible to start negotiating the basic essentials of a policy of development and international co-operation.

At the same time we have to ask the question whether there is not some inconsistency between the limited results we have achieved so far—as revealed in our report, though perhaps there has not yet been enough time—and what we would like to see achieved in a very much wider sphere. Well, I for one am not discouraged: the somewhat negative findings of the report convince me rather of the necessity to redouble our efforts at persuasion, to work with the people in the industrialized countries—inside and outside Governments, in the universities, the political parties, the religious movements, the trade unions—who are convinced of the urgent need for far-reaching solutions to these problems. This need is manifest, and becomes every day more manifest, as is also the fact that in all this evolution of opinion that is taking place in the great industrialized countries, it is not economic considerations or economic concerns that are the determining factor; and here again we have clear evidence of the tremendous impact of technical development. Historically, the prosperity of many of the world's industrial centres has been greatly dependent on large-scale transfers of revenue from countries on the periphery of world economy as a result of the political and economic domination to which the latter were subjected. Today, with the enormous advance of technology, none of the major countries depends for its prosperity on the repetition of this historical experience. The major countries have acquired a prodigious capacity for expanding their income which has placed them for the first time in the unique position where they can carry on their economic development without recourse to the transfer of resources from abroad. I am not saying that economic factors are not important; we see every day that they are. There is no doubt that a policy of expanding trade is in the interests of both developing and developed countries. But the nature of the problem today has changed. Hence the importance of mobilizing opinion in the industrialized countries—and in the developing countries, too, as far as the reform of their own economic structures is concerned—with a view to formulating such a policy and applying it effectively. In all this, there is something

<sup>b</sup> Statement made by Mr. Th. H. Bot (Netherlands) at the 969th meeting of the Second Committee of the General Assembly on 22 October 1965:

“Our development strategy has proved unequal to its admittedly gigantic task. If we move rapidly we may use the last years of this decade to prepare a new development strategy for 1970. That strategy, however, must no longer be founded upon the world's division into blocs but rather upon the indissoluble unity of peace, security and development for all. That strategy will require improved programmes and a more detailed picture of the potential of the world as a whole as well as of the resources of specific areas. Lastly, that strategy will require a frank evaluation of mutual policies, plans and programmes. We shall thereby reinforce the peace-keeping capacity of this Organization. War and development cannot co-exist. The only struggle that we should permit ourselves and others to wage is that against poverty and destitution. That, at least, is the only kind of war which the younger generation of my country is ready to wage.”

that stands above mere economic considerations. Yesterday, Mr. President, you referred to the adventure of development: I would call it the profoundly human adventure of development, the adventure of exploiting the vast potentialities of modern techniques, of scientific and technological advances, to transform utterly the face of this developing world—still for the most part a world of poverty, disease and illiteracy. This is the human side of what we are seeking to do, and on this side, apart from secondary questions of economic interest, there are motives of far more fundamental import, eminently human, political and moral motives—the response to the mighty challenge confronting the world today. That is why I believe that institutions such as UNCTAD and the other international

organizations working under the auspices of the United Nations have a vital role to play. I am not discouraged, even though here and there hitches or difficulties have arisen, because I am profoundly convinced that the world is in need of a radical change, not on account of the economic concerns of the industrialized countries, but on account of economic, social and political considerations affecting the developing countries; and because the large industrial countries, despite their great technological achievements, have not found, and are not likely to find, any way of immunizing themselves against what is happening and what is going to happen in the developing world unless there is a momentous policy of international co-operation built up on solid foundations.

## Annex D

### MEMBERSHIP OF COMMITTEES OF THE BOARD

#### COMMITTEE ON COMMODITIES

<i>Membership 1967</i>	<i>Term of office expires on 31 December</i>	<i>Membership 1967</i>	<i>Term of office expires on 31 December</i>
Argentina .....	1967	Japan .....	1967
Australia .....	1968	Madagascar .....	1969
Austria .....	1967	Malaysia .....	1967
Belgium .....	1967	Mali .....	1968
Bolivia .....	1968	Mauritania .....	1968
Brazil .....	1969	Morocco .....	1967
Bulgaria .....	1968	Netherlands .....	1968
Cameroon .....	1967	New Zealand .....	1967
Canada .....	1969	Nigeria .....	1969
Ceylon .....	1969	Peru .....	1967
Colombia .....	1969	Philippines .....	1968
Costa Rica .....	1968	Poland .....	1968
Cyprus .....	1968	Republic of Viet-Nam .....	1967
Czechoslovakia .....	1967	Romania .....	1967
Denmark .....	1969	Saudi Arabia .....	1967
Ecuador .....	1967	Senegal .....	1968
Ethiopia .....	1969	Spain .....	1969
Federal Republic of Germany .....	1969	Sudan .....	1968
France .....	1968	Sweden .....	1968
Ghana .....	1969	Thailand .....	1967
Hungary .....	1969	Turkey .....	1967
India .....	1967	Union of Soviet Socialist Republics .....	1969
Indonesia .....	1969	United Kingdom of Great Britain and Northern Ireland .....	1967
Iran .....	1968	United Republic of Tanzania .....	1967
Iraq .....	1968	United States of America .....	1968
Ireland .....	1969	Uruguay .....	1969
Italy .....	1969	Venezuela .....	1968
Ivory Coast .....	1969		

#### COMMITTEE ON MANUFACTURES

<i>Membership 1967</i>	<i>Term of office expires on 31 December</i>	<i>Membership 1967</i>	<i>Term of office expires on 31 December</i>
Argentina .....	1967	Jamaica .....	1968
Austria .....	1967	Japan .....	1969
Belgium .....	1969	Madagascar .....	1969
Brazil .....	1968	Mexico .....	1967
Bulgaria .....	1967	Morocco .....	1968
Canada .....	1968	Netherlands .....	1967
Chile .....	1969	Nigeria .....	1968
China .....	1968	Pakistan .....	1967
Congo (Democratic Republic of) .....	1969	Philippines .....	1967
Czechoslovakia .....	1969	Poland .....	1968
Denmark .....	1967	Republic of Korea .....	1969
Federal Republic of Germany .....	1969	Spain .....	1969
Finland .....	1968	Switzerland .....	1968
France .....	1967	Syria .....	1967
Ghana .....	1967	Trinidad and Tobago .....	1969
Greece .....	1967	Uganda .....	1969
Guatemala .....	1967	Union of Soviet Socialist Republics .....	1969
Guinea .....	1968	United Arab Republic .....	1969
Hungary .....	1968	United Kingdom of Great Britain and Northern Ireland .....	1969
India .....	1967	United Republic of Tanzania .....	1968
Israel .....	1968	United States of America .....	1968
Italy .....	1968	Yugoslavia .....	1967
Ivory Coast .....	1969		

# COMMITTEE ON INVISIBLES AND FINANCING RELATED TO TRADE

<i>Membership 1967</i>	<i>Term of office expires on 31 December</i>	<i>Membership 1967</i>	<i>Term of office expires on 31 December</i>
Argentina .....	1968	Mali .....	1968
Australia .....	1967	Mexico .....	1967
Belgium .....	1969	Morocco .....	1968
Brazil .....	1969	Netherlands .....	1969
Bulgaria .....	1969	Peru .....	1968
Cameroon .....	1969	Poland .....	1969
Canada .....	1968	Republic of Korea .....	1969
Chile .....	1969	Republic of Viet-Nam .....	1968
China .....	1967	Romania .....	1968
Congo (Democratic Republic of) .....	1969	Spain .....	1968
Czechoslovakia .....	1968	Sudan .....	1967
Ecuador .....	1967	Sweden .....	1969
El Salvador .....	1967	Switzerland .....	1969
Federal Republic of Germany .....	1968	Tunisia .....	1969
Finland .....	1967	Turkey .....	1967
France .....	1967	Uganda .....	1967
Ghana .....	1968	Union of Soviet Socialist Republics .....	1967
India .....	1969	United Arab Republic .....	1968
Israel .....	1967	United Kingdom of Great Britain and Northern Ireland .....	1969
Italy .....	1968	United Republic of Tanzania .....	1967
Japan .....	1968	United States of America .....	1967
Kuwait .....	1968	Yugoslavia .....	1967
Lebanon .....	1969		

## COMMITTEE ON SHIPPING

<i>Membership 1967</i>	<i>Term of office expires on 31 December</i>	<i>Membership 1967</i>	<i>Term of office expires on 31 December</i>
Argentina .....	1967	Kenya .....	1967
Australia .....	1967	Liberia .....	1967
Brazil .....	1968	Mali .....	1969
Canada .....	1967	Mexico .....	1968
Central African Republic .....	1968	Morocco .....	1969
Ceylon .....	1967	Netherlands .....	1968
Chile .....	1967	New Zealand .....	1968
Colombia .....	1969	Nigeria .....	1967
Congo (Brazzaville) .....	1967	Norway .....	1968
Czechoslovakia .....	1967	Pakistan .....	1969
Dahomey .....	1968	Philippines .....	1969
Denmark .....	1968	Poland .....	1969
Federal Republic of Germany .....	1967	Republic of Korea .....	1968
France .....	1968	Romania .....	1968
Ghana .....	1968	Spain .....	1969
Greece .....	1969	Sweden .....	1969
Honduras .....	1967	Thailand .....	1968
Hungary .....	1969	Union of Soviet Socialist Republics .....	1968
India .....	1968	United Arab Republic .....	1967
Iran .....	1969	United Kingdom of Great Britain and Northern Ireland .....	1967
Iraq .....	1969	United States of America .....	1969
Italy .....	1969	Uruguay .....	1969
Japan .....	1967		