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ON TRADE AND DEVELOPMENT**

**REPORT
OF THE TRADE
AND DEVELOPMENT BOARD**

**Volume II
(Twenty-first session)**

GENERAL ASSEMBLY

OFFICIAL RECORDS: THIRTY-FIFTH SESSION

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NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

Symbols

The documents of the United Nations Conference on Trade and Development, the Trade and Development Board and its main subsidiary bodies are identified as follows:

| | |
|---|-------------|
| First session of the United Nations Conference on Trade and Development | E/CONF.46/- |
| Subsequent sessions of the United Nations Conference on Trade and Development | TD/- |
| Trade and Development Board | TD/B/- |
| 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/C.5/- |
| Committee on Transfer of Technology | TD/B/C.6/- |
| Committee on Economic Co-operation among Developing Countries | TD/B/C.7/- |
| Working Party on the Medium-term Plan and the Programme Budget | TD/B/WP/- |
| Information series of the Board | TD/B/INF.- |
| Non-governmental organization series of the Board | TD/B/NGO/- |

The Proceedings of the United Nations Conference on Trade and Development, Fifth Session, will be issued as follows: volume I, Report and Annexes (United Nations publication, Sales No. E.79.II.D.14) containing, inter alia, the Conference's resolutions and decisions; volume II, Statements by Heads of Delegation (Sales No. E.79.II.D.15); volume III, Basic Documents (Sales No. E.79.II.D.16).

Symbols referring to resolutions and decisions of the sessions of the Conference consist of an arabic numeral followed by "(II)", "(III)", "(IV)", or "(V)" as the case may be, thus 1 (II), 36 (III), 85 (IV), 101 (V), etc.

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

Summary records

The summary records (where such records have been kept) of the debates in the plenary meetings of the Conference and its sessional committees, and of the Board, are referred to by the appropriate symbol of the body in question (see above) followed by the letters "SR". No summary records were provided for the fifth session of the Conference. Since January 1976, a consolidated corrigendum to the "SR" series for each session of the Board has been issued in the volume containing the official records of the session (TD/B/SR.____ and Corrigendum). The same volume also contains a table of contents of the summary records of the session, the agenda of the session as adopted and a check list of documents pertaining to the agenda of the session.

Annexes

The texts of documents selected for inclusion in the records of the relevant session of the Board are issued as annexes to the Official Records of the Board, in the form of bound fascicles pertaining to the relevant agenda items.

Supplements

The Official Records of the Board include numbered supplements as follows:*

| <u>Supplement No.</u> | <u>Twentieth session</u> | <u>Document No.</u> |
|-----------------------|--|---------------------|
| 1 | Resolutions and decisions | TD/B/799 |
| 2 | Report of the Working Party on the Medium-term Plan and the Programme Budget on its first session | TD/B/800 |
| | <u>Twenty-first session</u> | |
| 1 | Resolutions and decisions | TD/B/830 |
| 2 | Report of the Working Party on the Medium-term Plan and the Programme Budget on its second session | TD/B/826 |
| 3 | Report of the Special Committee on Preferences on its ninth session | TD/B/802 |
| 4 | Report of the Committee on Economic Co-operation among Developing Countries on its first special session | TD/B/818 |

* In the case of the eleventh special session, no supplement was issued, since no substantive resolutions or decisions were adopted.

Supplement No.

Twenty-first session

Document No.

- | | | |
|---|---|----------|
| 5 | Report of the Committee on Invisibles and Financing related to Trade on the first part of its ninth session | TD/B/821 |
| 6 | Report of the Committee on Manufactures on its ninth session | TD/B/822 |

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ABBREVIATIONS

| | |
|----------|---|
| CMEA | Council for Mutual Economic Assistance |
| CPC | Committee for Programme and Co-ordination |
| ECA | Economic Commission for Africa |
| ECLA | Economic Commission for Latin America |
| EEC | European Economic Community |
| ESCAP | Economic and Social Commission for Asia and the Pacific |
| FAO | Food and Agriculture Organization of the United Nations |
| GATT | General Agreement on Tariffs and Trade |
| GDP | Gross domestic product |
| GSP | Generalized system of preferences |
| ILO | International Labour Organisation |
| IMF | International Monetary Fund |
| IPC | Integrated Programme for Commodities |
| MTN | Multilateral trade negotiations |
| OAU | Organization of African Unity |
| OECD | Organisation for Economic Co-operation and Development |
| OPEC | Organization of the Petroleum-Exporting Countries |
| SDR | Special drawing rights |
| SWAPO | South West Africa People's Organization |
| UNCITRAL | United Nations Commission on International Trade Law |
| UNDP | United Nations Development Programme |
| UNEP | United Nations Environment Programme |
| UNIDO | United Nations Industrial Development Organization |

PREFATORY NOTE

The sixteenth annual report of the Trade and Development Board 1/ is submitted to the General Assembly in conformity with General Assembly resolution 1995 (XIX) of 30 December 1964. The report 2/ covers the period from 24 November 1979 to 27 September 1980 and consists of the reports on the eleventh special session, held on 14 and 20 March 1980, 3/ and the twentieth and twenty-first regular sessions, held from 17 to 26 March 1980 and from 15 to 27 September 1980. 4/

1/ The 15 previous annual reports of the Trade and Development Board are contained in Supplements to the Official Records of the General Assembly, as follows:

| <u>Annual report</u> | <u>Period</u> | <u>General Assembly session</u> | <u>Supplement No.</u> | <u>Document No.</u> |
|----------------------|-------------------------------------|---------------------------------|-----------------------|--|
| 1st | 1 January 1965-29 October 1965 | 20 | 15 | A/6023/Rev.1 |
| 2nd | 31 January 1965-24 September 1966 | 21 | 15 | A/6315/Rev.1 and Corr.1 |
| 3rd | 25 September 1966-9 September 1967 | 22 | 14 | A/6714 |
| 4th | 10 September 1967-23 September 1968 | 23 | 14 | A/7214 |
| 5th | 24 September 1968-23 September 1969 | 24 | 16 | A/7616 and Corr.2 |
| 6th | 24 September 1969-13 October 1970 | 25 | 15 | A/8015/Rev.1 and Corr.1 |
| 7th | 14 October 1970-21 September 1971 | 26 | 15 | A/8415/Rev.1 |
| 8th | 22 September 1971-25 October 1972 | 27 | 15 | A/8715/Rev.1 and Corr.1 |
| 9th | 26 October 1972-11 September 1973 | 28 | 15 | A/9015/Rev.1 |
| 10th | 12 September 1973-13 September 1974 | 29 | 15 | A/9615/Rev.1 |
| 11th | 14 September 1974-2 October 1975 | 30 | 15 | A/10015/Rev.1 |
| 12th | 3 October 1975-23 October 1976 | 31 | 15 | A/31/15, vol. I and Corr.1 and vol. II |
| 13th | 24 October 1976-10 September 1977 | 32 | 15 | A/32/15, vol. I and Corr.1 and vol. II |
| 14th | 11 September 1977-17 September 1978 | 33 | 15 | A/33/15, vol. I and vol. II |
| 15th | 18 September 1978-23 November 1979 | 34 | 15 | A/34/15, vol. I and vol. II |

2/ For technical reasons, the report is issued in two volumes - volume I, containing the reports of the Board on its eleventh special session and twentieth session, and volume II containing the report of the Board on its twenty-first session.

3/ Originally issued as TD/B/797.

4/ Originally issued as TD/B/798 and TD/B/829 respectively.

During the period covered by the present report, the following subsidiary bodies of the Board held sessions, of which particulars are given below:

| <u>Title</u> | <u>Session</u> | <u>Dates</u> | <u>Report in document</u> |
|--|---------------------------|--|---------------------------|
| Working Party on the Medium-term Plan and the Programme Budget | First and second sessions | 3-12 March 1980 8-16 September 1980 | TD/B/800 TD/B/826 |
| Special Committee on Preferences | Ninth session | 27 May-4 June 1980 | TD/B/802 |
| Committee on Economic Co-operation among Developing Countries | First special session | 23 June-2 July 1980 | TD/B/818 |
| Committee on Invisibles and Financing related to Trade | Ninth session, first part | 3-11 July 1980 | TD/B/821 |
| Committee on Manufactures | Ninth session | 14-25 July 1980 | TD/B/822 |
| Committee on Shipping | Ninth session | 1-12 September 1980 | TD/B/825* |

* The report of the Committee on Shipping on its ninth session will be submitted to the Board at its twenty-second session, in 1981.

INTRODUCTION

1. The twenty-first session of the Trade and Development Board was held from 15 to 27 September 1980 and was opened by the outgoing President, Mr. J. Nyerges (Hungary).
2. Taking the Chair upon his election as President, Mr. M. Oreibi (Libyan Arab Jamahiriya) said that UNCTAD was one of the most important international forums for contributing to a better understanding among nations. At sessions of the Board and at other UNCTAD meetings delegations assembled to carry on a dialogue on an equal footing. All countries members of UNCTAD - poor and rich, small and large, weak and strong - had the same interest in creating a better world in which justice and peace prevailed.
3. In what had come to be known as the global round, the international community had been trying to promote peaceful understanding, a task that UNCTAD had been proud to pursue since its inception. The global round was not intended to interrupt the dialogue that was taking place elsewhere, as had been confirmed by the General Assembly at the special session just concluded, and he therefore urged the Board to embark on a serious course of negotiations on the agenda items of the session. With such wide-ranging and important items on its agenda, the Board must use judiciously the very limited time available. In his view, one of the important items to be dealt with at the present session was the rationalization of the permanent machinery of UNCTAD. Judicious use of the time available to the Board would be a first step in implementing the process of rationalization in UNCTAD.
4. At the 538th meeting, on 15 September 1980, the Secretary-General of UNCTAD made an introductory statement in which he reviewed the tasks before the Board at its twenty-first session. 1/ He said that the Board faced the tasks of its twenty-first session against a background of considerable accomplishments within UNCTAD. Since the previous session, UNCTAD had seen the successful conclusion of three of the major negotiating tasks entrusted to it, namely, the negotiations on restrictive business practices, the Convention on International Multimodal Transport of Goods, and the Common Fund for Commodities.
5. These developments were an indication of the ability of Governments in UNCTAD to attain successfully the goals they had set themselves. They were also an indication of the negotiating capacity of UNCTAD. This was an encouragement for the future work of UNCTAD, as it was for all the major processes that were to unfold within the United Nations.
6. While these positive elements were encouraging, particular account must be taken of the sombre background of the international economic scene. The international economic crisis, and in particular the crisis facing the developing

1/ The text of the statement was subsequently circulated (TD/B(XXI)/Misc.3) pursuant to a decision by the Board at its 538th meeting, the Board having taken note of the financial implications thereof.

countries, had no earlier parallel in the whole post-war period, in terms either of its depth or of its duration. It had been the constant theme of UNCTAD that this crisis was not a manifestation of purely short-term difficulties that would correct themselves over time, but was rather a reflection of a deeper underlying malaise affecting many of the systems and the structures that had prevailed up to the present time.

7. The report by the UNCTAD secretariat on the world economic outlook (TD/B/803/Add.1) described some of the major dimensions of the present crisis. The world was witnessing a slowing down in the tempo of economic expansion in both the developed and the developing countries, together with an unabated process of inflation, with disruptive effects on national economies and world trade. Paradoxically, short-term solutions imposed as expedients hindered the application of more basic and more lasting remedies. Protectionist and restrictive measures were being introduced when the real need was to stimulate world trade. Aid to developing countries was being curtailed, even though growth and prosperity in the third world could contribute to the recovery of the world economy. Commodity prices were being allowed to slump, when the need for stability and strength in commodity markets was more urgent than before. The measures taken to combat inflation and unemployment in industrialized countries often impeded development and employment in the developing countries, with consequences injurious to the balance of the world economy.

8. The problems facing the developing countries were of truly appalling dimensions. In 1980 the developing countries would face a payments gap of \$US 72 billion, which would rise to \$US 90 billion in 1981. The international monetary and financial system provided no assurance that payments gaps of that order would be financed. Yet if they were not, the developing countries would have to curtail severely their imports. In many cases, normal economic life would be disrupted, with growing scarcities, rising prices, and mounting unemployment fanning the flames of political and social discontent. The international community could not view this situation with equanimity. The consequences, if allowed to persist for long, would surely be felt throughout the world at large, not least by the developed countries themselves.

9. The situation called for urgent and immediate steps to help meet the financing needs of developing countries. Apart from expanding official development assistance, new ways had to be found to mobilize and channel the vastly increased liquid resources of the money markets to developing countries in need of resources. But immediate actions would only help to buy time. Urgent financial accommodation was only part of the solution and certainly not the most basic remedy beyond the most immediate short term.

10. The real answer to the rising import bills of developing countries was an increase in their external earnings. The prices of the things they imported had been rising sharply and relentlessly. In addition, in many spheres of production critical to them, they had been thwarted in their efforts to find markets. The weakness of the developing countries in the area of trade was at the heart of their present problems. No approaches to the crisis of the present time would suffice unless strong actions to improve vastly the trading prospects, indeed the trading structures, of the developing countries were also brought within their compass.

11. There were decisions in four major areas taken at Manila ^{2/} which were relevant to this theme and on which UNCTAD had to build and make progress in the immediate future. These related first to trade in commodities, second to the question of protectionism and structural adjustment, third to monetary and financial issues and their relation to trade and development, and fourth to economic co-operation among developing countries. The Board's action on them could be of vital importance in helping the international community to deal with some of the crucial problems of the day.

12. The sharp decline in the prices of many primary commodities was one of the disquieting signs of the current world situation. A reversal of the current trend in prices was an essential element of any real solution of the current problems facing developing countries. Some progress had been made in relation to the Integrated Programme for Commodities, particularly in respect of the Common Fund. But there had not been adequate progress in regard to agreements among Governments for individual commodities, and this was a major area of unfinished business for UNCTAD. Existing agreements had to be renegotiated within the next few months and new agreements then brought into being. Otherwise, one of the main sources of external earnings for developing countries would remain weak, vulnerable and unattended.

13. In the area of commodities, UNCTAD's future work embraced five major tasks: the bringing into operation of the Common Fund; the conclusion of more commodity agreements; the introduction of a supportive system of compensatory financing; the promotion of freer market access for agricultural products; and the creation of a new framework of international co-operation for the marketing, distribution and processing of commodities. At Manila there had been a unanimous decision that Governments in UNCTAD would establish a framework of international co-operation to deal with the marketing, distribution and processing of commodities. The secretariat of UNCTAD was now engaged in the preparatory work for this exercise.

14. The intensification of protectionism had been another unfortunate reflection of the current crisis, and the assurance of market access for the products of developing countries was an essential element in any approach to solutions to that crisis. A simple endorsement or reiteration of the principle of free trade and non-discrimination would not stem the protectionist tide. Nor would it deal with the need to dismantle existing barriers. An enduring solution would require a more comprehensive approach that was based on the recognition of the fact that the ability of the industrialized countries to provide market access was closely linked to the process of dynamism and change in their own economies, in a context of increasing employment opportunities for their own populations.

15. Many recent studies had indicated that the potential losses to developing countries through restrictionism were considerable. Even in the particular field of barriers to the exports of processed commodities, the UNCTAD secretariat itself had estimated that developing countries would have earned in 1975 \$US 27 billion more from just 10 commodities, even if they had undertaken production only up to the semi-processing stage.

^{2/} See Proceedings of the United Nations Conference on Trade and Development, Fifth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.79.II.D.14), part one, sect. A.

16. He recalled that, in the light of a decision at Manila, an intergovernmental expert group had been set up to consider fundamental aspects of the reform of the monetary system. Participants in that meeting had been essentially confined to the developing and the socialist countries, assisted by observers from international financial institutions. It was his sincere hope that the countries of Group B would agree to participate in future meetings, a sentiment that had been expressed by the expert group itself.

17. He did not see the intergovernmental group in UNCTAD as being a mechanism for taking decisions on specific aspects of monetary problems, but would like to see it address itself to the more basic issues which were not the subject, for example, of current decision-making by the International Monetary Fund, with particular emphasis on the relationship between those issues and problems of trade and development. More universal participation in the Group would help in the search for a greater convergence of views. Anything that could contribute to a polarization of approaches should be avoided.

18. There was now a wide recognition of the view that an important and increasing part of the solution to the crisis facing the world economy was to be found in greater trade and other linkages amongst the developing countries themselves. By co-operating with each other they could provide relief to their own problems and also help in the process of global recovery. That was another area in which UNCTAD had a relatively long history of involvement, and in recent times its work programme in that area had intensified considerably. Having contributed to conceptualizing the theme of economic co-operation and collective self-reliance, UNCTAD was now in a position to contribute towards its implementation. That would no doubt require increasing consultations and negotiations among developing countries themselves, a process to which UNCTAD, and indeed all other parts of the United Nations system, should contribute. It was the developing countries themselves that would have to determine their programmes of co-operation, but, in the long run, progress in this field would be of benefit to the international economy as a whole.

19. Those were the four major areas where UNCTAD had to build in the period to come, each of which was critical to lasting solutions to the crisis in the world economy and to the crisis facing developing countries. These issues could not be treated as separate, so-called "sectoral" issues. Each must be set within a wider and coherent framework, for they were clearly interrelated and approaches to them needed to be consistent and mutually reinforcing. That was why the question of interdependence had for long been a recurring item on the agenda of the Trade and Development Board. Nevertheless, he did not feel that the Board was able at its regular sessions to give adequate consideration to this issue and believed that the Board itself should consider how treatment of it could be improved.

20. In that connexion, he said that, first, the secretariat itself could present a more elaborate analysis of the current economic situation and trends than it did at present. In addition to the existing studies, which reflected the particular concerns and preoccupations of the institutions which prepared them, there was scope for an analysis of events with a particular orientation towards the problems of trade and development, setting out the problems and experiences of the developed market-economy countries, the developing countries and the socialist countries.

21. Secondly, Governments might consider how the Board itself could have a more structured and intensive discussion each year of the current economic situation.

What was needed was an informed and high-level review each year of the problems facing the world economy in the context of the interdependence of issues.

22. As regards the question of "rationalization" of the permanent machinery of UNCTAD, the Ad Hoc Committee of the Board on this subject had performed a constructive task and had served as a means for the regional groups to present their proposals.

23. New arrangements had now been made in regard to the processing of documents and there had already been considerable improvement in this regard, although there were still difficult problems to be overcome in this area. He did not think one had done the best that could be done in terms of proper planning, and he would like to assure the Board that this issue would henceforth receive more systematic attention within the secretariat.

24. There remained the problem not merely of reducing the tempo of meetings and speeding up the flow of documents, but the larger question of how UNCTAD could be made more effective as an instrument of the General Assembly in dealing with the many substantive problems under its wide mandate. That was not a problem that could be solved by improved machinery alone. In his address to the Ad Hoc Intergovernmental Committee he had suggested a possible reform, namely, that there might be considerable improvement if a new arrangement was put into effect in which many of the committees of UNCTAD were able to meet simultaneously at a given period of time each year, such meetings to be followed by, and possibly even preceded by, a session of the Board itself. This would mean that three or four weeks of the year would be devoted to a major event in UNCTAD - the meeting of the Board and many of its committees - leaving the residual period of the year for specific negotiations, meetings of ad hoc groups, and the execution of the work programme of UNCTAD itself. It seemed that such a system would have advantages in the substantive sense in that discussion on the issues coming up before the committees, whilst being related to problems within their areas of competence could, at the same time, take account of the interrelationships of issues and even the need to allocate priorities. The work of the committees could then, in a more real sense than at present, provide material for the Board in its determination of over-all policy. The proposal would also appear to have advantages in the logistical sense in that it would facilitate the planning of documentation and hence the ability of Governments to prepare for the meetings. It would also contribute to relieving the strain on delegations, which have had to deal with a succession of meetings with little time for preparation amongst regional groups. It would also help in the greater involvement of the capitals in the work of UNCTAD, since the UNCTAD meeting of this type would be an annual occurrence calling for simultaneous, and possibly co-ordinated, preparations on the part of several departments within a government. It might not be possible to have a decision on so important an issue at the present session of the Board, but it was a proposal which Governments might consider carefully.

25. There were other important issues which he had not touched upon, although they had been spelled out in the documentation before the Board. An event of special importance was the forthcoming United Nations Conference on the Least Developed Countries, which, pursuant to General Assembly resolution 34/203 of 19 December 1979, would convene in 1981. UNCTAD also had substantial work programmes in the areas of technology, shipping, insurance, and trade relations among countries having different economic and social systems, to which it would give the utmost attention.

26. In conclusion, he stated that, as regards the proposed round of global negotiations which was to be launched at the beginning of 1981, he was deeply convinced that UNCTAD could best serve the global round by undertaking to the full the responsibilities it already had in the several fields that fell within its mandate. The General Assembly itself had determined that the proposed negotiations should not in any way interfere with ongoing processes but should rather reinforce and draw upon them. UNCTAD was an instrument of the General Assembly and whatever it did would be a contribution to the work of the General Assembly. The full pursuit of the work programmes and negotiating responsibilities of UNCTAD would thus be a service to the global round and would enhance the prospects for its success.

27. The present report contains an account of the Board's proceedings during the twenty-first session. 3/

3/ For a fuller account of the proceedings in plenary meetings of the Board, see the summary records of the 537th-544th meetings (TD/B/SR.537-544).

CHAPTER I

GENERAL STATEMENTS MADE ON BEHALF OF REGIONAL GROUPS AND OTHER STATEMENTS

A. General statements on behalf of regional groups

28. During the session, general statements were made covering several or all of the substantive items of the Board's agenda. These statements are reflected in the present chapter.

29. The spokesman for the Group of 77 said that the decade of the 1980s was unfolding against a very sombre background of a world economic crisis that was assuming unparalleled dimensions. The world economy was in a state of structural disequilibrium, characterized by a slower growth rate accompanied by a continuing high rate of inflation and unemployment, prolonged monetary instability, chronic imbalances in international payments, intensified protectionist pressures, structural problems and maladjustments and uncertain long-term growth prospects.

30. The aggravation of these negative trends in the world economy had a profoundly asymmetrical impact. Owing to the greater vulnerability of their economies, the developing countries had been hit the hardest and the stresses and strains on their economies were assuming alarming and critical proportions. While their terms of trade continued to deteriorate and the purchasing power of their exports to decline, they faced new constraints on their export earning capacity, an inadequate level of transfer of real resources, growing imbalance in their external payments and hence a growing burden of external indebtedness. The gross current-account deficits of developing countries had attained a record level and were likely to widen in 1981. Their external debt was expected to reach in 1980 the staggering figure of some \$450 billion and they would require in 1980 some \$88 billion for debt servicing alone. At the same time, the rigidities of the market were reflected in a rising tide of protectionism in developed countries and ad hoc policy decisions taken to deal with the problems, resulting in adjustment difficulties being transferred to the developing countries.

31. The impact of these and related developments in the world economy had been very severe for developing countries, most of which had experienced a sharp deterioration in their terms of trade and decelerated economic growth since 1974. They had borne a disproportionate share of the global burden of readjustment to the continuing economic crisis and most of them were unlikely to experience a growth rate exceeding 5 per cent per annum in 1980 and 1981. As a result of declining terms of trade for most developing countries - a structural problem constantly facing such countries - and the slowdown in export demand for their industrial raw materials, as well as protectionist measures directed against their exports of manufactures, an increasing number of developing countries had had to meet unprecedentedly high external payments deficits, with the consequent necessity of curtailing their development programmes or of raising additional foreign funds - often of relatively short-term maturity - on private capital markets at high interest rates.

32. The present difficult international economic environment aggravated the special problems facing the least developed countries: their over-all performance during the 1970s had failed to improve and in nearly all cases none of the goals of the international development strategy for the Second United Nations Development Decade had been met.

33. The impact of the continuing economic crisis on the development process thus underlined the failure of the existing international economic system to provide adequate support to the development process of the developing countries. Moreover, the institutional framework of international economic relations established immediately after the Second World War was clearly in disarray. Basic elements of the international monetary system had broken down, and the existing international monetary and financial framework had not been able to cope with the depth and magnitude of the crisis faced by the international community in general and the developing countries in particular. Furthermore, the international trading system was under strain and, as the Secretary-General of UNCTAD had stressed at earlier sessions of the Board, it could not be taken for granted that the relatively open trading system could be sustained in the absence of conscious policies and actions to facilitate and promote structural change in the international division of labour.

34. At the same time, new constraints on the development process had emerged in recent years, and would almost certainly dominate the world economic scene in the 1980s. Firstly, growth in the major industrialized economies had slowed down and even the most optimistic projections indicated that growth rates in the present decade would be much lower than in earlier years. That was bound to affect the real export earnings and terms of trade of the developing countries. Secondly, it had to be assumed that petroleum would remain a scarce commodity, reflected in its price level. Hence much more vigorous and effective measures, particularly by developed countries, were warranted to economize in its consumption, and to develop alternative sources of energy. Thirdly, the experience of recent years strongly indicated that the world economy had entered a period of considerable instability where uncertainty was a major factor.

35. The persistence of general disarray in the world economy and the emergence of new constraints on the development process underlined the need for urgent action to effect fundamental changes in the existing international economic framework, both for accelerating development in developing countries and for ensuring the efficient functioning of the world economy.

36. The implementation of the structural changes called for in the Declaration and the Programme of Action on the Establishment of a New International Economic Order, contained in General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974, had, therefore, acquired much greater importance and urgency. In that context, there was an urgent need for development issues and issues related to structural change to be given high priority in decision-making in the major industrialized countries. In the view of the Group of 77, given the structural nature of the present economic crisis, policies directed toward changes in the international economic system designed to strengthen the developing economies would also contribute to overcoming the current economic difficulties faced by developed countries; there was a mutuality of interest in that regard.

37. For developing countries, the main issue was no longer one of ensuring that they could share, through the "trickle down" effect, in the spontaneous growth and expansion that might occur in the industrialized countries. In view of the new perceptions of the severe constraints on the development process, the issue was rather how to create a favourable international environment which would ensure that accelerated development in the developing countries could be sustained and promoted on an increasingly autonomous and self-sustained basis. That would require new policy approaches in the field of international economic co-operation for development.

38. It was against that background that the Board would need to address itself to the various substantive items on its agenda, which no doubt included subjects which had the most direct bearing on the problems and issues faced by the international community, in the context of a worsening international economic environment. As had been stated by the Secretary-General of UNCTAD, it was a matter for satisfaction that, at its present session, the Board was facing its task against the background of reasonably meaningful accomplishments by UNCTAD. Complex instruments of a legal or quasi-legal character had been concluded, reflecting the growing negotiating capacity of UNCTAD.

39. Increasing the share of developing countries in world production and trade in manufactures should be a major objective of international economic policy during the present decade. In that context, there was an urgent need for conscious policies and actions directed towards evolving a framework of international co-operation that would promote and facilitate structural changes in the international division of labour. The Group of 77 therefore considered protectionism and structural adjustment to be one of the most important issues before the Board at the present session. He had already remarked earlier that the impact of protectionist measures was particularly serious for the economies of the developing countries; it was also deplorable that many of the trade-restrictive measures in the developed countries were particularly directed at developing countries.

40. The growth in trade of developing countries in manufactures was hampered by the slow pace of structural adjustment in the developed countries and their protective and other trade-restrictive policies. Those measures were not confined to the manufacturing sector alone but had also affected exports of other products from developing countries, in particular agricultural commodities. Although developed countries had pledged their adherence to the standstill provisions, those provisions had been treated with scant respect by them. The Group of 77 once again strongly urged strict adherence to the standstill provisions and adoption of a time-bound programme for phasing out the trade-restrictive measures against the exports of developing countries.

41. A durable solution to the protectionist pressures could be found only through structural adjustments. Conference resolution 131 (V) had reaffirmed the importance of structural adjustment for the containment of protectionism and the evolution of an equitable international division of labour to foster both inter-industry and intra-industry specialization, induce a greater degree of processing of commodities by the developing countries and secure an increase in their share in world trade in processed goods and in manufacturing. He hoped that the Board would be able to agree on an operational framework for negotiations in this area. Moreover, there was urgent need for initiating a process for a comprehensive reform of the framework governing international trade to ensure that it facilitated and promoted restructuring of the international division of labour in line with the growing industrial potential and changing comparative advantage of the developing countries. Establishment of a new trading framework would also require agreement on new trade rules and principles covering, inter alia, such issues as protectionism, structural adjustment, preferential treatment for developing countries, regulation of the operation of transnational corporations and elimination and control of restrictive business practices. The new trading framework should also cover rules and principles governing trade and other economic relations among countries having different economic and social systems in a manner which would promote in particular the expansion and diversification of trade of the developing countries. Such a reform would need to cover primary commodities and also the industrial and services sectors.

42. The Board was called upon at its current session to take specific action on matters arising from the results of two important recent meetings in UNCTAD in the field of money and finance, namely the session of the Ad hoc Intergovernmental High-Level Group of Experts on the Evolution of the International Monetary System and the first part of the ninth session of the Committee on Invisibles and Financing related to Trade; it also had to deal with the external debt problems of developing countries.

43. The Group of 77 had been well satisfied with the outcome of the session of the Ad hoc Intergovernmental Group of Experts. However, it was unanimous in expressing strong disappointment at the decision of Group B members - with the sole exception of Norway, which had participated as an observer - not to attend the session. In expressing gratitude to members of Group D and to China for their participation, he appealed to each and every member of Group B individually to attend the proposed next session of the Group and to engage in a constructive dialogue on this major issue.

44. As regards the recently held session of the Committee on Invisibles and Financing related to Trade, only modest results had been achieved. Hopes that, above all, the Committee would take important substantive decisions on increased transfer of resources in the light of Conference resolution 129 (V), which also strengthened the monitoring role of the Committee, and a decision of principle for the setting up of an Export Credit Guarantee Facility, and for laying the foundation, in principle, of an effective system of international financial co-operation, had been disappointed. The Group of 77 therefore believed that another session of the Committee in 1981 would be extremely useful in pursuing the unfinished tasks, especially the working out of an effective system of international financial co-operation.

45. On the question of debt relief (section A of Board resolution 165 (S-IX)), he said the creditor countries needed to extend significantly the geographical scope of the action taken by them, as the problem was no longer limited to a small group of countries. Action taken should be genuine relief that was additional to expected financial flows. Also, those Governments which had not taken any action, or whose action was incomplete, should expedite the necessary measures.

46. In the view of the Group of 77, serious thought needed to be given to additional measures to deal with the debt problems at large. Much of the existing debt of developing countries - for example, export credit debt and debt owed to multilateral institutions - was not covered by resolution 165 (S-IX). His Group also continued to believe that the solution of debt problems could not be divorced from the general problem of transfer of resources. If sufficient amounts of financial flows, particularly concessional finance, were forthcoming, the debt problem would be eased considerably, but the prospects on that score were not encouraging and that, in turn, increased the importance of separate action on debt.

47. As regards guidelines and institutional framework, the Group of 77 believed that the need for an agreement was now even greater than in 1979. At Arusha, 4/ the Group of 77 had made a far-reaching proposal for an International Debt Commission to be set up, which was embodied in the draft resolution (TD/L.196)

4/ See Proceedings of the United Nations Conference on Trade and Development, Fifth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.79.II.D.14), annex VI.

before the Board. The Board should explore ways and means of reaching agreement on the draft resolution, including guidelines and institutional arrangements.

48. He stressed the interrelationship of problems and issues in the major areas to which he had referred. In order to ensure effectiveness of policies in the area of trade, money and finance, it was important to ensure their consistency, as well as consistency between short-term and long-term policies. It was for that reason that the item on interdependence had been a standing item for discussion at every session of the Board. At Manila the issue of interdependence had also been linked to the wider issue of structural change, but, so far, action under this item had remained at the level of general debate on the world economic outlook. He was therefore pleased to note the proposal by the Secretary-General of UNCTAD for a more comprehensive discussion of world economic developments as well as of policies in the interrelated fields of trade, money and finance, so that not only the mutual consistency of those policies could be examined, but also their relationship to long-term development objectives and structural change. The issue, as the Secretary-General of UNCTAD had stated, should not be treated as separate, so-called sectoral issues, but be set within a wider and coherent framework, for they were interrelated, and approaches to them needed to be consistent and mutually reinforcing.

49. Turning to economic co-operation among developing countries, he noted that the Ministerial Meeting of the Group of 77, held in New York on 21 and 22 August 1980, had stressed the determination to work resolutely for the progressive and speedy implementation of their programme in that area. They were convinced that the new horizons in economic and technical co-operation among developing countries, and the designing of mechanisms which would reflect their collective interest, would cement their unity and consolidate it, thereby contributing both to their collective self-reliance and to a significant improvement in their position in the world economy. Economic and technical co-operation among developing countries was a key element in strengthening the role of the developing countries in the implementation of the new international economic order.

50. The Board had also to study in depth the problems of trade among countries having different economic and social systems. He stressed that relations between developing countries and socialist countries of Eastern Europe should play an increasingly more active role in bringing about the early establishment of the new international economic order. The latter should also undertake commitments at the multilateral level to support the new order, in addition to their appreciable efforts at the bilateral level. Trade and economic relations between developing countries and socialist countries of Eastern Europe could undoubtedly be greatly increased and improved, and the vast potential in that area ought to be more fully utilized. The Board could provide further impetus for promoting these trade flows by working out the appropriate mechanisms and modalities not only on a bilateral but also on a multilateral basis. In that connexion, he expressed the appreciation of his Group to the UNCTAD secretariat for organizing training programmes, seminars and workshops designed to facilitate trade and economic relations between developing countries and the socialist countries of Eastern Europe. Those programmes should not only continue but be reinforced.

51. In spite of the numerous resolutions concerning the least developed countries adopted in the United Nations, their economic situation not only continued to stagnate but had even further deteriorated. In the key areas of GDP, agricultural production, manufacturing output, export purchasing power, import volume, and the development of social and economic infrastructure, the over-all performance of those

countries in the 1970s had failed to improve or had even been weaker than in the 1960s. None of the goals set in the International Development Strategy for the Second United Nations Development Decade had been met in any of the least developed countries. Past efforts on their behalf had been totally inadequate and much greater support and assistance were needed. The Group of 77 fully agreed with the Group of High-Level Experts that the continuing prospect of totally inadequate levels of living standards in the least developed countries was intolerable.

52. He urged the developed countries and the international community to take immediate steps on a priority basis to implement the special measures agreed upon for the least developed countries as outlined in Conference resolution 122 (V). It was also important that appropriate steps be taken to ensure the success of the United Nations Conference on the Least Developed Countries, the objective of which was to finalize, adopt and support the Substantial New Programme of Action for the 1980s. The Secretary-General of UNCTAD, who had been designated as Secretary-General of that Conference, would need the full support of all members.

53. As for land-locked and developing island countries, which also faced unprecedented economic problems, he stressed the necessity for speedy follow-up action on the measures already agreed upon, in particular in Conference resolutions 123 (V) and 111 (V), to alleviate their problems. Consideration should be given to offsetting in individual developing countries the constraints to further economic and social development attributable to the geographical handicaps of land-locked developing countries. He also referred to Conference resolution 110 (V) on the particular problems facing Zaire with regard to transport, transit and access to foreign markets, in which the Conference had taken note of the special concern of Zaire relating to the problems encountered in its foreign trade with respect to transport, transit and access to foreign markets. Furthermore, account should be taken of the special economic problems deriving from the geographical situations of the island developing countries, which suffered from such handicaps as inadequate transport and communications, long distances from external markets, lack of natural resources and heavy dependence on a few sources for foreign exchange earnings.

54. With regard to the reverse transfer of technology, he noted that the Board, at its last session, had not been able to comply with the request of the General Assembly in its resolution 34/200 of 19 December 1979, to "proceed at its twentieth session with the consideration of appropriate arrangements, including the necessity of convening a group of experts, to examine the feasibility of measuring human resource flows". He stressed the need to take urgent action at the present session on the convening of a group of experts.

55. His Group had been gratified by the recent adoption under UNCTAD auspices of the Convention on International Multimodal Transport of Goods and hoped that it would soon enter into force. It also strongly felt that the time had come for the entry into force of the Convention on a Code of Conduct for Liner Conferences. Further work in that area should now concentrate on policy measures to facilitate the achievement by developing countries of an increasing share of world shipping, particularly in the bulk sector. He noted with satisfaction that major advances had been made at the session of the Committee on Shipping that had just concluded, particularly in the areas of merchant fleet development, open registries, bulk cargo transport and the work programme of the Committee on international multimodal transport, as well as in the areas of ports and technical assistance, which were all of vital concern to the developing countries.

56. He also noted from the progress report by the Secretary-General of UNCTAD (TD/B/820) that the studies requested in Conference resolution 109 (V) concerning assistance to the national liberation movements, specifically assistance to the peoples of Namibia and South Africa and assistance to the people of Palestine, in the context of the new international development strategy, were under preparation and were expected to be completed by the beginning of 1981. The Group of 77 attached great importance to those studies and hoped that their results would be available to the Board at its next session. It also expected that the draft decision (TD/B/L.562) which it had submitted at the twentieth session of the Board ("Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples by the specialized agencies and the international institutions associated with the United Nations") and had been remitted to the present session, would be adopted at the present session.

57. He also expressed the satisfaction of his Group with the recent successful conclusion in UNCTAD of negotiations on the Common Fund for Commodities but, at the same time, stressed that the success of the Common Fund would very much depend upon how that instrument was implemented and how individual commodity agreements were negotiated. Appropriate steps should be taken to initiate negotiations on other aspects of the Integrated Programme for Commodities, in particular negotiations aimed at the establishment of a framework of international co-operation for increasing in developing countries the processing of their commodities and for expanding their participation in their marketing and distribution.

58. The Group of 77 attached great importance to the rationalization of the machinery of UNCTAD, which it saw not merely as a matter of making logistical improvements - however necessary that might be - but as a means of making UNCTAD a more effective instrument for achieving the policy aims which had been set for it by the General Assembly, most notably in the context of the establishment of the new international economic order. The establishment of the ad hoc intergovernmental committee on the subject had come about as the result of the initiative of the Group of 77, which had devoted much time to working out its views on the various aspects. So, too, had the other regional groups, and he was pleased to observe that the three draft resolutions which had resulted from their respective deliberations at the twentieth session of the Board contained many convergent ideas. The secretariat had also made useful contributions to consideration of the issue.

59. If there was one common thread in the concerns of all parties to the debate on rationalization, it was the consensus on the importance of over-all coherence of policy approaches and on the consequent need for greater co-ordination of the activities of the UNCTAD machinery and of the secretariat. That theme emerged clearly from the three draft resolutions before the Board, and he was pleased to note that the main thrust of the ideas which the Secretary-General of UNCTAD had elaborated in his introductory statement was also in the same direction. His Group believed that this unifying theme of coherence and co-ordination provided the basis for constructive discussion in the working group at the present session and set the stage for the Board to initiate action to make the work of UNCTAD more effective in terms of substantive results.

60. Finally, he referred to the important developments which had taken place at the special session of the General Assembly, in particular, with regard to the international development strategy and the global negotiations. It was encouraging that a consensus had now been reached on the text of the international development

strategy for the third United Nations development decade. It was regrettable, however, that no consensus had been reached on the global negotiations. The documents of the special session relevant to the global negotiations on international economic co-operation for development were being transmitted to the thirty-fifth regular session of the General Assembly for further consideration. He was pleased to note what the Secretary-General of UNCTAD had said in his introductory statement regarding the relationship of the activities of UNCTAD to the global negotiations, to the effect that the best way for UNCTAD to contribute to their success was by carrying out fully and effectively its responsibilities within its mandate. That underlined the importance of the current session of the Board, which had on its agenda subjects bearing directly on the problems and issues faced by the international community and the developing countries. It also underlined the importance of UNCTAD's contributions, both at the intergovernmental and at the secretariat level, to the global negotiations. He had no doubt that the proposed global negotiations would draw on the work and the progress made in UNCTAD and would, in turn, reinforce the ongoing activities of UNCTAD.

61. The representative of China said that during 1980 there had been some progress in the negotiation of a number of issues relating to trade and development. Consensus had been reached on a number of issues, and had been reflected in the adoption of the Agreement Establishing the Common Fund for Commodities, the Convention on International Multimodal Transport of Goods and the Set of Mutually Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices. Those achievements were the results of many years of intense negotiations in UNCTAD, whose members had joined their efforts to overcome numerous obstacles to success. However, the slow progress in the consultations and negotiations on the establishment of a new international economic order could not be overlooked. The achievements to which he had referred reflected only partially the aspirations and requirements of the developing countries and much remained to be done. There were many urgent and important problems which called for persistent efforts by all parties concerned before appropriate solutions could be found.

62. At the beginning of a new decade, the major developed countries continued to experience stagnation, increasing inflation and unemployment and a trade war which was mounting daily. As a result, a new economic crisis was looming ahead and the terms of trade of the developing countries had further deteriorated. Protectionist policies in developed countries had hampered exports from developing countries, who had seen their balance-of-payments deficits and their external debt burden increase substantially. The economic gap between the "haves" and the "have-nots" was constantly widening.

63. The worsening international economic situation testified to the inequity of the existing international economic relationships and their inherent inequalities. The reform of the existing international economic structure was urgently required and it was heartening that some developed countries and many far-sighted people were seeing the light. They continued to have dialogues with the developing countries and show their readiness to hold discussions and consultations on ways of reforming the current international economic order. They had even adopted some practical measures to improve conditions for the developing countries. Nevertheless, some developed countries still maintained a rigid position in their negotiations with the developing countries and even tried to shoulder the developing countries with their own difficulties. Such actions had not helped to

solve the current international economic problems. China had always held that the restructuring of the old international economic relationships and the establishment of a new international economic order were beneficial not only to the economic progress of the developing countries but also to the progress of the world economy as a whole, including the developed countries.

64. The protectionist policy applied in recent years by some developed countries, in particular through import quotas or so-called voluntary export restraints, had seriously impeded the entry of products of the developing countries into their markets. That was inevitably a matter of deep concern to those countries, who together accounted for 70 per cent of world population while their production and export of manufactures constituted only a very small percentage of the world total. In order to change this inequitable situation and create the necessary external conditions for accelerating their industrialization and developing their national economies, the developing countries had urgently called on the developed countries to eliminate or reduce tariff and non-tariff barriers. Their request was totally justified, but a few developed countries, instead of implementing the resolutions which called on them to refrain from imposing new barriers, had even reinforced their protective measures. Such a state of affairs should be changed immediately. Protectionism against the developing countries would hamper their exports and reduce their foreign exchange earnings, which in turn would diminish their purchasing power in the markets of the developed countries. The result would inevitably be a slower growth of world production and trade. UNCTAD should take steps to eliminate or limit protectionism against the developing countries, thereby promoting increased production and exports of manufactures in developing countries as well as the expansion of world trade.

65. In the field of commodities, he stated that, while agreement on the Common Fund for Commodities had been reached, much work remained to be done. He hoped that all the parties concerned would continue their efforts to enable the Fund to begin operations at an early date, so as to bring benefits to the developing countries through a stabilization of commodity prices and increased export earnings. The slow progress of negotiations on the 18 commodities mentioned in Conference resolution 93 (IV), with few exceptions, was a matter of regret and it was necessary to speed them up. At the same time, the negotiations on a reform of the international monetary system were still in considerable difficulties. The developing countries demanded a restructuring of the international monetary system, stability of exchange rates, an increased flow of financial resources to them and full and effective participation in decision-making in this area. Their just demands should be adequately met. The developed countries should increase their development aid to the developing countries and alleviate their debt burden.

66. The issues of trade, development, money and finance were closely interrelated and complementary to each other. All developed and industrialized countries should make the necessary concessions and appropriate commitments, which in the long run would be beneficial to both South and North.

67. UNCTAD was an important forum for international economic negotiations, which had increasingly been playing a positive and important role. The Chinese delegation would join other delegations in working within the framework of UNCTAD for the success of negotiations on the various international economic and trade issues and eventually for the establishment of a new international economic order.

68. The spokesman for Group B stated that, since UNCTAD V, further initiatives addressed to development issues had been taken, and referred in particular to the decisions to launch the global negotiations, for which preparations were still continuing, the consensus reached at the special session of the General Assembly on the international development strategy for the third United Nations development decade and the report of the Brandt Commission. He agreed that negotiations and consultations within UNCTAD should in no way be made contingent upon the final outcome of the preparatory process for the global negotiations, but it was nevertheless clear that the role of UNCTAD would be important in the unfolding of the negotiations as well as in the efforts to achieve the objectives of the new strategy. As the permanent machinery of UNCTAD continued the follow-up of the decisions of the Conference, the Board might find it useful to review the orientation of its work in the light of the new perceptions to which the Secretary-General of UNCTAD had referred.

69. The present Board session was taking place against a background of worsening prospects for the world economy, which at the outset of the new decade was suffering from uncertainty over its long-term performance and also from an unfavourable outlook in the short-run. Inflation and unemployment had been compounded by energy crises and by deficits as well as surpluses in trade. There was bound to be a period of painful adjustment to higher energy costs, which would require constraints in domestic spending, improvements in productivity and in the control of inflation, creation of conditions more conducive to investment, rationalization of the use of energy as well as increased production from new energy sources. The balance-of-payments problems of a number of non-oil producing developing countries would require additional measures and international financial institutions would be called upon to a greater extent to help recycle funds to maintain growth rates.

70. In the view of Group B, UNCTAD could make a useful contribution to reducing factors of uncertainty in the world economy through a regular review and evaluation of trade and trade-related issues, an exercise which might pave the way for positive consultations on interdependence.

71. Noting with interest the views expressed by the Secretary-General of UNCTAD on protectionism and structural adjustment, he said that all countries shared the responsibility to maintain an open and expanding trading system. The developed countries were determined to do their part in this respect, and as had been made clear in the OECD Declaration on Trade Policy, Group B countries were continuing to pursue their efforts, despite the existing domestic and world economic difficulties, to liberalize further their trade policies. They were committed to the standstill provisions they had accepted and efforts were being made to move towards a further reduction of existing restrictions on imports.

72. Structural adjustment was a constant and global phenomenon that all countries should facilitate with a view to ensuring optimum over-all growth and an efficient international division of resources. Group B considered that UNCTAD had an important role in this context, and was ready to make its contribution to the annual review called for in Conference resolution 131 (V). One of the primary tasks at the present session was to determine the direction of the future work of UNCTAD in this field, bearing in mind that resolution, the relevant Board decisions subsequently adopted and the agreed conclusions on this subject of the Committee on Manufactures at its ninth session. At the same time, he noted that important

work on structural adjustment and protectionism was being pursued in other international organizations. It was essential that duplication of efforts in this area be avoided as far as possible.

73. Turning to the multilateral trade negotiations, he noted that a significant number of countries, including several developing countries, had already acceded to the codes and agreements that had been concluded. Group B attached importance to the full implementation of the results of the negotiations and the new GATT work programme, a process which would facilitate and be facilitated by maximum possible participation in the codes, agreements and arrangements. Several of the codes, agreements and arrangements contained elements of further liberalization which would contribute to keeping up the momentum of trade liberalization. Developed market-economy countries were prepared to pay particular attention to the interest of developing countries in this process. At the same time, the success of common efforts would to a large extent depend upon the support received from developing countries.

74. On the question of the debt burden of developing countries, he said it was necessary to distinguish between section A and section B of Board resolution 165 (S-IX). Group B was concerned about the apparent differences in view which persisted on the nature of the undertaking contained in section A of the resolution. The decision in section A was a self-contained one. While it envisaged reviews of its implementation, it did not seek any fresh or supplementary agreements on matters of substance. Furthermore, paragraph 5 of the resolution clearly provided that it was for each developed donor country to determine the distribution and the net flows involved within the context of its own aid policy. On the other hand, section B of the resolution sought a further elaboration of features for future operations relating to debt problems of interested developing countries. He recalled that regional groups had come close to an agreement on this aspect during the nineteenth session of the Board in October 1979, and Group B would indeed be pleased if it were possible to finalize the results of these discussions at the present session.

75. In the field of money and finance, he noted that the absence of most Group B members from the session of the Ad hoc Intergovernmental High-Level Group of Experts on the Evolution of the International Monetary System was a consequence of the position taken by them on the adoption of Conference resolution 128 (V). Noting that the report of the Group was being transmitted to the General Assembly at its thirty-fifth session, at the latter's request, together with whatever comments the Board might wish to make thereon, he said that if the work were to continue in the future within the same framework as suggested by the Secretary-General of UNCTAD in his introductory statement, the basic differences involving the terms of reference of the United Nations system would be bound to remain and to affect the future course of development.

76. He reaffirmed that Group B considered closer economic co-operation among all developing countries and increased exchanges among them as a most important element in the development process. Such a recognition was clearly behind the endorsement it had extended to Conference resolution 127 (V) when it was adopted at Manila. It was therefore particularly regrettable that the Board at its last session had had to resort to voting on a draft resolution on this matter and that the subsequent special session of the Committee on Economic Co-operation among Developing Countries had ended inconclusively. If the framework and the

procedures set forth in the Manila resolution had been faithfully maintained and followed, developments would not have taken such a course. Group B therefore considered it essential that all future work in the field should be organized in close conformity with the basic approach underlying that resolution. Provision should only be made for further work if such work was undertaken in conformity with the principles of universality and sovereign equality of all members of UNCTAD. Those fundamental principles had to be observed if the work was to be undertaken within the framework of UNCTAD.

77. In conclusion, he said that one of the most important responsibilities facing the Board at the present session was to reach agreement on a series of measures to rationalize the permanent machinery of UNCTAD. Group B placed a great deal of importance on the work carried out by the ad hoc intergovernmental committee on this subject, which had submitted its final report to the Board at its twentieth session. It hoped that it would now be possible to reach agreement on a series of rationalization measures based, in part, upon the common conclusions reached by Group B, the Group of 77 and Group D in the three draft resolutions that had been remitted to the present session, as well as on some issues on which agreement had not yet been reached. In the view of Group B, agreement on a wide range of measures was needed in order to accomplish the common goals and to ensure that UNCTAD, within its well-established mandate, was prepared to deal effectively with the trade and development issues of the 1980s.

78. The spokesman for Group D said that the present session of the Board was taking place in the difficult world economic situation which had come about in recent years. The profound and protracted crisis of the capitalist economy, which had become structural in nature, the instability of the economic situation in the major centres of capitalism, growing inflation and unemployment, the disarray of the capitalist international currency system, exploitation and manifestations of diktat were adversely affecting many countries and bore particularly on the economic situation of the developing countries. Reference to this situation, and in particular to the collapse of the so-called Bretton Woods system, had been made by many delegations at the eleventh special session of the General Assembly and by the spokesman for the Group of 77 at the present session, but it was not enough merely to note these facts. It had to be recognized that, as in previous years, neither the socialist nor the developing countries were the cause of the present disorders and economic upheavals in the world. Attempts to seek solutions to the problems of the world economy in the framework of concepts such as so-called "interdependence" were therefore groundless. Responsibility for the present state of the world economy lay with those major capitalist States that were the epicentre of the economic upheavals. Another factor that should be noted was that since the end of the 1970s, the leaders of the military bloc constituted by NATO had taken the path of an intensification of the arms race and unleashing provocations against independent States.

79. The worsening international situation affected not only relations between capitalist countries and socialist countries but also the interests of all countries and peoples. In recent months, the world had witnessed how imperialism, in an endeavour to gain control of economic and raw materials resources, had been using or threatening to use force with increasing frequency and openness against developing countries and had flagrantly interfered with the course of the struggle for national liberation.

80. Events since the fifth session of UNCTAD had confirmed the correctness of the analysis of the world economic situation given in the joint declaration of socialist countries (TD/249), 5/ and in the statements made by their heads of delegation at Manila. Unfortunately, the States responsible for the present crisis were not making the necessary efforts to overcome it. Moreover, fresh obstacles continued to be placed in the way of the transformation of international economic relations on a just and equitable footing; instead of expanding international co-operation, these States resorted to a policy of protectionism and to various kinds of discrimination and restrictions. UNCTAD should devote greater attention to questions of trade policy, protectionism and the consequences of implementing the results of the multilateral trade negotiations for world trade and all its participants.

81. The intensification of protectionist trends, against the danger of which the countries of Group D had warned in their joint declaration at the fifth session of the Conference (TD/257), 6/ was now acknowledged by the overwhelming majority of States to be one of the priority problems of international trade. Intensification of protectionism led, in particular, to a further aggravation of the serious economic and financial situation of developing countries and to the growth of their external indebtedness. By harming the majority of participants in international economic relations, increased protectionism in a number of developed market-economy countries was becoming a global trade and political problem which required an appropriate universal approach to its solution. In this connexion, he stressed that UNCTAD could and should concern itself more actively with all flows in world trade, taking into account the interests of all its participants.

82. Group D agreed with the Group of 77 that UNCTAD should devote greater attention to trade relations between countries with different economic and social systems. Any attempts to restrict or undermine such relations inevitably would tend also to affect adversely other areas of international economic relations and the process of their transformation, as well as destabilize international ties already created. It was for that very reason that the actions of certain Western States that had set out on the road of blockade, boycott and the use of economic relations as a weapon of blackmail and political pressure on other countries must cause particular alarm. It was therefore necessary once again to emphasize that efforts to solve the problems of international economic relations by such means were incompatible with the principles of the new international economic order and the aims of the development of equitable and mutually advantageous trade and economic co-operation.

83. For their part, the socialist countries had made and were making consistent efforts to expand international co-operation. That was clearly evident from document TD/E/808 and other documents before the Board under agenda item 7. He drew attention to the rapid increase in 1980 in the trade turnover of member countries of CMEA with other countries, particularly with developing countries. He noted that the preference-giving countries of Group D, in implementing earlier in 1980 recommendations adopted in UNCTAD, had been among the first to introduce a uniform and considerably simplified system of rules of origin under the

5/ Ibid., annex VII, A.

6/ Ibid., annex VII, B.

generalized system of preferences. Other forms of economic co-operation were also being successfully pursued. Member countries of CMEA were providing economic and technical assistance to 86 developing countries, as against 34 at the beginning of the 1960s. The volume of this assistance had increased nine-fold during this period, and about 4,400 economic units had been and were being built. The constructive positions of principle of the socialist countries with respect to the problems of equitable and mutually advantageous international trade and economic co-operation and the establishment of a new international economic order had been outlined, in particular, both at the fifth session of the Conference and at the eleventh special session of the General Assembly.

84. The socialist countries took a positive attitude towards the idea of the restructuring of the world economy and international trade to promote a more balanced development and higher living standards for all peoples, and especially for developing countries. However, profound structural change was possible only in conditions of détente and trust between countries and peoples, with the appropriate internal changes and with the State playing an active role. Restructuring must be based on the interests of the social and economic progress of all countries, and must not provide opportunities for the further expansion of transnational corporations. The economic co-operation practised among member countries of CMEA, as well as their economic relations with a number of developing countries, were proof that such restructuring was possible. They were a specific contribution by those countries to the establishment of a new international economic order.

85. This approach of Group D countries and Mongolia in UNCTAD was also directed towards that end. For the present he would refer to only one subject, that of economic co-operation among developing countries. Group D viewed with understanding the measures being taken by developing countries in this regard; they saw such co-operation primarily as an instrument of their economic decolonization and considered that its furtherance was a sovereign matter for those countries. The promotion of equitable economic co-operation among those countries could be furthered by the strengthening of their economic potential and acceleration of economic growth, and by overcoming the one-sidedness of their external economic relations.

86. Active international and national efforts to maintain détente as the major trend of international development, to limit and end the arms race and achieve disarmament were essential. The strengthening of peace, the cessation of the arms race and the adoption of effective disarmament measures, for which the socialist countries had persistently called, would make it possible to divert many billions of dollars to the pursuit of the economic and social development objectives of all countries, including developing countries, and to the expansion of international trade in all its flows.

87. He stressed once more that the possibilities of achieving real progress in coming years in restructuring international economic relations depended directly on how active and successful the efforts of the peace-loving States and peoples were in the struggle to consolidate détente as the major trend in world politics.

The programme of action to strengthen trust and mutual understanding in international relations, adopted at the meeting of the Political Consultative Committee of the States parties to the Warsaw Treaty in May 1980 (A/35/237-S/13948, annex II), was directed towards the attainment of that goal. In the Declaration adopted at that meeting, reference was made, in particular, to the special significance of problems of overcoming the gap in the economic development of States and the restructuring of international economic relations on a just and democratic basis.

B. Other statements

88. Endorsing fully the statement by the spokesman for the Group of 77, the representative of Kenya noted that, in real terms, official development assistance of member countries of the Development Assistance Committee had increased by only 1.5 per cent per annum during the last decade and that, as a percentage of gross national product, it had declined from an average of 0.34 per cent in 1970-1971 to 0.31 per cent in 1977-1978. At the same time, high rates of inflation and acute shortages of foreign exchange had led to a further deterioration of the economic situation of developing countries. If more aid was not forthcoming, the development programmes of developing countries would greatly suffer, and the gap between the developed and developing countries would widen further. It was therefore essential that the 0.7 per cent target for official development assistance agreed upon in the International Development Strategy for the Second United Nations Development Decade should be implemented.

89. Although the special session of the General Assembly had not formally adopted the strategy for the third development decade, he urged that developed countries fully implement the provisions of the text of the strategy, which had been approved by consensus and which he hoped would be formally adopted at the Assembly's current regular session. It was also necessary for the global negotiations on the restructuring of the international economic framework to get seriously under way. Within this framework, developed countries should not only agree to participate in all the global negotiations, but should, as a matter of urgency, adopt the measures eventually agreed upon.

90. On the question of economic co-operation among developing countries, he noted with satisfaction that, in pursuance of the Arusha Programme for Collective Self-Reliance and Framework for Negotiations, the developing countries had worked out a coherent programme of action, which included the setting up of an intergovernmental negotiating group, notably on the global system of trade preferences among developing countries. It was to be regretted that, at the special session of the Committee on Economic Co-operation among Developing Countries, the developed countries had not acceded to the requests of the developing countries. He urged those countries, whether of Group B or of Group D, to reconsider their position and fully support the efforts of the developing countries in this area.

91. As regards trade in commodities, now that the agreement establishing the Common Fund for commodities had been adopted, after many years of negotiations, all countries, both developed and developing, should speedily ratify the status of the Common Fund so that it could quickly come into being. The negotiations on individual commodities should also be speedily concluded.

92. In the area of manufactures and semi-manufactures, the documentation submitted to the Committee on Manufactures at its ninth session showed that imports of manufactures from developing into developed countries accounted for only 3 per cent of the latter's total imports from developing countries. His own country's share was negligible. Developing Africa as a whole had supplied under 9 per cent of the manufactures imported by developed countries in 1978, as compared to 19 per cent in 1970. This substantial fall in their share was due to the sharp fall in prices of unwrought non-ferrous metals. He called on UNCTAD to evolve measures for increasing the exports of African developing countries, particularly countries like Kenya, which suffered particular hardship.

93. Although trade between socialist countries of Eastern Europe and the developing countries had expanded steadily during the last decade, there was still room for considerable improvement. His delegation supported the UNCTAD initiatives in evolving a framework for improving trade relationships between these two groups of countries.

CHAPTER II

EVALUATION OF THE WORLD TRADE AND ECONOMIC SITUATION AND CONSIDERATION OF ISSUES, POLICIES AND APPROPRIATE MEASURES TO FACILITATE STRUCTURAL CHANGES IN THE INTERNATIONAL ECONOMY, TAKING INTO ACCOUNT THE INTERRELATIONSHIPS OF PROBLEMS IN THE AREAS OF TRADE, DEVELOPMENT, MONEY AND FINANCE, WITH A VIEW TO ATTAINING THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER AND BEARING IN MIND THE FURTHER EVOLUTION THAT MAY BE NEEDED IN THE RULES AND PRINCIPLES GOVERNING INTERNATIONAL ECONOMIC RELATIONS

(Agenda item 3)

INTERDEPENDENCE OF PROBLEMS OF TRADE, DEVELOPMENT
FINANCE AND THE INTERNATIONAL MONETARY SYSTEM

(Agenda item 4)

94. For the consideration of these two items, the Board had before it the following reports (relating to agenda item 4):

- (a) Interdependence of problems of trade, development finance and the international monetary system: report by the Secretary-General of UNCTAD (TD/B/803);
- (b) World economic outlook, 1980-1981: report by the UNCTAD secretariat (TD/B/803/Add.1);
- (c) Some aspects of the outlook for resource transfer requirements in the context of the Third United Nations Development Decade: report by the UNCTAD secretariat (TD/B/803/Add.2).

95. Pursuant to its decision 208 (XX), the Board also had before it draft resolution TD/B/L.360 submitted by a group of developing countries at the first part of its fourteenth session.

96. In an introductory statement, the representative of the Secretary-General of UNCTAD noted that the documentation before the Board examined issues relating to the short-term outlook for the world economy and to longer-term prospects for developing countries. In the latter connexion, document TD/B/803/Add.2 analysed the requirements for the net transfer of resources to developing countries if they were to achieve the 7 per cent minimum growth rate in the 1980s expected to be included in the international development strategy for the third United Nations development decade. Assuming that developing countries were to improve significantly their domestic economic performance, including a reduction in their import propensities, the requisite net transfer of resources would be of the order of 2 per cent of the combined gross domestic product (GDP) of developed market-economy countries by 1990, on the basis of current trends and given the projected slow rates of growth for those countries. This figure was to be compared with a recent net transfer of resources equivalent to 0.43 per cent of the GDP of developed

market-economy countries. Such requirements could not and should not be met through financial transfers alone. Internationally convergent measures in a number of areas would also be necessary if developing countries were to achieve the target growth rate of 7 per cent per annum. In particular, measures in the field of commodities and manufactures, as well as finance and a reform of the world trading system, would be required, and the Board might therefore wish to devote its attention to the question of an appropriate combination of policies to achieve that goal. The usefulness of the concept of interdependence was in bringing together all policy questions at the sectoral level and examining the trade-offs and interrelations in order to facilitate the adoption of an appropriate policy package encompassing all relevant sectors. Two other areas in which measures could be taken were policies related to the collective self-reliance of developing countries and development co-operation policies of developed countries.

97. The documentation submitted by the secretariat also indicated that the world economy was showing signs of increased inflexibility and, therefore, of instability and of limited capacity to adjust to external shocks. Consequently, the development strategy for the 1980s would have to be implemented through the use of more flexible policy instruments and be subject to frequent revision. He questioned whether the policy responses of individual Governments to short-term policies would necessarily be broadly consistent with the norms established by the international community in relation to world trade and development.

98. Summarizing the current world economic outlook, he said prospects were for low rates of growth of world trade and production, coupled with high rates of inflation, all of which would adversely affect developing countries. In particular, the very low rates of growth in the developed market-economy countries depressed demand for the exports of developing countries and tended also to affect adversely the prices of their exports, while, at the same time, world inflation was raising the cost of their imports. Increased pressure for protectionist measures in developed market economies was a further factor hindering the exports of developing countries. The net result was that developing countries were expected to incur unprecedented balance-of-payments deficits in 1980 and 1981, reaching perhaps \$90 billion in the latter year on a gross basis.

99. The implications for developing countries of these very large balance-of-payments deficits were a slackening of their economic growth; the 5 per cent annual rate of growth forecast for developing countries in 1980 and 1981 fell significantly short of the 7 per cent target. Moreover, even these projected lower rates could be achieved only if sufficient finance were forthcoming to cover the large current-account deficits involved, and there were serious implications for the debt burden of these countries.

100. He noted that these poor prospects for world trade and production were for the most part the result of policies in developed market-economy countries to combat inflation. He questioned whether those policies, with their associated high costs for both developed and developing countries, were consistent with the longer-term objective of the strategy. They had not succeeded in significantly reducing rates of inflation and it was not self-evident that there was distinct trade-off between unemployment and inflation. The whole subject was very complex, requiring discussion at the expert level, and one which merited the attention of the Board.

101. The spokesman for the Group of 77 reviewed the progress of discussions on these issues in the United Nations, beginning in the Committee of the Whole and concluding with the eleventh special session of the General Assembly. Noting that the interrelationships among issues and the interdependence of economies had been considered regularly by the Board, he said that, within its mandate, as set out in General Assembly resolution 1995 (XIX), the Group of 77 wished the Board to undertake an analysis of the issues and problems and to propose policies and measures which would support the recovery from the current sombre economic situation. The Group of 77 was prepared to address four issues: (i) an evaluation of the world trade and economic situation; (ii) consideration of measures to facilitate structural change in the international economy "taking into account the interrelationships of the problems of trade, money and finance and development" with a view to the establishment of a new international economic order; (iii) a preliminary discussion on the evolution of rules and principles governing international economic relations; and (iv) UNCTAD's contribution to the implementation of the new international development strategy.

102. With respect to agenda item 4 he said that his Group, while recognizing that it was a separate agenda item, felt that it covered essentially the same topic as agenda item 3. The present interdependent structure of the world economy was inequitable and inefficient and a new structure should be based on equity and equality with respect to the needs and potentials of all countries.

103. Referring to the documentation prepared by the UNCTAD secretariat, he said that the Group of 77 would be prepared to have a discussion along the lines suggested while also taking into account studies prepared by other international institutions. In this connexion, he noted that this question was before the Board and that it was urgent that it now be dealt with at the international level, in view of the fact that a small group of countries had failed to deal satisfactorily with it over the last decade. He pointed out that the General Assembly had requested the Secretary-General of UNCTAD to propose concrete measures and recommendations to combat inflation within the analytical framework of the interdependence of trade problems, development finance and the international monetary system.

104. In conclusion, he invited the other groups to undertake a constructive approach whereby a common perception could be evolved, based on the view that the problems facing the world economy were not cyclical but entirely structural in nature and needed solving on that basis. He welcomed the new understanding that UNCTAD indeed had the competence for global consultations and that there was no further need to discuss its mandate in this area.

105. The representative of France, agreeing that agenda items 3 and 4 covered broadly the same issues, noted that the consideration in UNCTAD of the question of interdependence of issues as defined in item 4 dated back to the third session of the Conference, following the breakdown of the Bretton Woods system in August 1971. Tracing the subsequent evolution of the concept of interdependence up to its formulation as an agenda item for the fifth session of the Conference, he noted that, in the consultations held by the Secretary-General of UNCTAD in 1978, the principal preoccupation had been which issues it was appropriate to discuss within UNCTAD, whereas the consultations held in 1980 had been much richer, in that there had been a willingness to consider the world economic situation in all its aspects and as it involved all countries and groups of countries.

106. Referring to the issues for consideration mentioned by the spokesman for the Group of 77, he said that the issues involved in the evolution of rules and principles governing international economic relations were ultimately linked to the global negotiations. As for evaluation of the world trade and economic situation, there was need for an objective and comprehensive view of the problems.

107. He added that there was no objection to considering the domestic policies of particular countries. On the other hand, he had reservations regarding the conclusions drawn by the secretariat with respect to present fiscal and monetary policies in developed market-economy countries to combat inflation. In his view, the analysis failed to acknowledge the necessity for these countries to combat inflation as demanded by the developing countries themselves. He also considered it would be useful to assess the feed-back effect of growth in developing economies on demand conditions in the developed market economies.

108. In conclusion, he stated that consultations in this area would be useful in UNCTAD without any need for conclusions or recommendations to be formulated for adoption by the Board. Citing the experience of the Economic Policy Committee of OECD, which carried out analagous consultations among its member countries, he stated that similar consultations in UNCTAD would serve to revitalize the work of the Trade and Development Board, and to that extent he concurred with the view of the Group of 77 that the Board could usefully consider the question of interdependence.

109. The representative of Norway, noting the conclusions of the "World Economic Outlook" and of similar reviews prepared by the secretariats of other international organizations, said that there seemed to be general agreement on the analysis of the current situation while there was evidently some difference of opinion as to the possibility of a recovery in the world economy; at best the prospects were uncertain. In this regard he noted the view of the GATT secretariat that the current economic situation was the result of structural problems which had been evolving over the past 10 to 15 years. 7/

110. The situation was particularly difficult for the majority of developing countries, and in some ways could be compared to that which existed in 1974-1975. However, there were two important differences. First, the debt burden of many developing countries was substantially greater and consequently emphasis had shifted from financing to adjustment. Second, current prospects for growth in the OECD countries were not as promising as were the prospects in 1974-1975 and this was bound to affect growth prospects in developing countries.

111. Emphasizing the interrelationships among many of these issues, he questioned whether the existing international machinery was adequate to deal with them. While consultations had taken place within regional groups there had been little consultation at the global level. The increasing interdependence of economies had increased the vulnerability of individual countries to events elsewhere. There was a clear need for improved international economic co-operation and UNCTAD had a responsibility in this area to establish a consultative machinery, which his delegation and the whole of Group B had actively supported at the fifth session of UNCTAD as well as at the nineteenth session of the Board. In his view, such a

7/ See GATT press release 1271 of 9 September 1980, containing the text of the introductory chapter of the forthcoming International Trade 1979/80.

machinery should have two basic aims: to reconcile differences in perceptions regarding current economic issues, the need for which had been underlined in the report of the Refsnes Conference, held at Refsnes Gods, Norway, in July 1980; 8/ and to provide for a permanent process of consultation, a goal fundamentally different from that being pursued in the context of the global negotiations. In this regard, he endorsed the analogy drawn by the representative of France with the work of the Economic Policy Committee of OECD.

112. The representative of the Netherlands said that the basis for co-operation between developed and developing countries had been changing as the consequence of new developments primarily concerning the intimate relationship between internal developments and external economic relations. In this regard, he noted changes in the position of different groups of developing countries, the increasing economic interdependence of poor and rich countries, the internationalization of the private sector, and shifts in balance-of-payments positions, all of which had consequences for negotiations between developed and developing countries. He outlined certain characteristics of the current economic situation in the developed as well as in the developing countries. The changes that had taken place in the developing countries had not affected all of them alike, and it was therefore necessary to elaborate negotiating concepts which permitted the negotiation of mutually agreed solutions to which each country could contribute according to its economic capacity while, at the same time, respecting the internal political cohesion of groups of countries.

113. Turning to the concept of interdependence, he distinguished the interdependence of national economies on the one hand and the interdependence of problems in the areas of trade, development and finance on the other. He too agreed that agenda items 3 and 4 covered much the same ground, and the fact that delegations were addressing themselves to both items in their statements indicated that there was a growing consensus that both concepts provided useful inputs into future discussions on these items. In his view, three major themes needed consideration: measures to facilitate structural change in the international economy, taking into account the interrelationships of issues; rules and principles governing international economic relations; and evaluation of the world trade and economic situation.

114. With respect to structural change, he said a distinction needed to be drawn between change in the economic sense, which was a continuous process supported by changes in market conditions and technological progress, and changes in the institutional sense. In the latter regard, he noted the diversity of views held and considered that reform of the institutional framework for international economic co-operation was not a goal in itself but an instrument to be used when the operation of the market failed to bring about adequate conditions for development. He pointed to the growing interlocking of economic interests of rich and poor countries which, in the view of his Government, could be used as a vehicle to increase the development opportunities for the poor countries and as an instrument to overcome the economic stagnation in the rich countries themselves. He noted that the closer economic relations between rich and poor countries were in fact restricted to a limited number of developing countries and, hence, that additional policies should be concessional rather than reciprocal. He further noted that even

8/ See G. K. Helleiner, Economic Theory and North-South Negotiations on a New International Economic Order, A Report on the Refsnes Conference, July 1980, Norwegian Institute of International Affairs, NUPI report No. 49.

the developing countries which played a substantial role in the world economy were in most cases far from being on an equal footing with the industrialized countries. That point had to be taken into account in the use of the concept of interdependence as a policy guideline, which should be formulated with the aim of reducing the existing differences and not of perpetuating the traditional asymmetrical relations.

115. He noted that, notwithstanding the differences of opinion as to the causes of the sombre world economic situation, the facts recorded in the reports of various institutions and organizations clearly pointed to the pressing need for mutually agreed policy options and a framework for implementation. The precise nature and scope of UNCTAD's contribution should be decided upon in the light of the outcome of discussions and negotiations taking place within the United Nations at New York.

116. The representative of New Zealand noted that, because of the differing economic situation among countries within each group, different countries had different perceptions of the concept of interdependence. That implied that there would be differences of opinion as to what were the problems and what measures commanded priority attention. In that respect, he agreed with the spokesman for the Group of 77 that trade and structural adjustment was one such priority. His country had sought to have the principles of comparative advantage and fair trade applied to the products of grassland agriculture for well over a decade, but without a great deal of success. Its experience therefore suggested that the acceptance of interdependence in the area of structural adjustment and trade was a slow process, casting doubt on the view that structural adjustment was a continuously evolving process.

117. He added that, while the secretariat had made a real effort to pose the issues and stimulate a dialogue, more could have been said about energy. Few countries had suffered from such a rapid decline in their terms of trade in the 1970s as had New Zealand.

118. With respect to institutional arrangements, he said that global negotiations could never be a complete substitute for the process of negotiation and dialogue in specialized international forums and that therefore both UNCTAD and other institutions had a role to play in addressing the issues of interdependence. He had in mind in particular GATT and the International Monetary Fund, which needed to adapt themselves to a world which was receptive to calls for restructuring. They also required political will for its accomplishment.

119. The representative of Canada thought that discussions on interdependence had perhaps become somewhat sterile and associated himself with the remarks that had been made concerning the proposals by the UNCTAD secretariat for overcoming the current economic difficulties, questioning whether these proposals constituted a useful and balanced contribution to the debate.

120. Given the limited time-span of the global negotiations in New York, he questioned whether there was necessarily a conflict between those negotiations and a continuing role for UNCTAD in this area.

121. Referring to the suggestion by the representative of France that the Board might examine the economic policies and plans of individual countries, but without making any recommendations, he said it raised certain questions relating to whether policies and plans in all member countries of UNCTAD would be reviewed; whether the

UNCTAD secretariat or the countries themselves would prepare relevant documentation or presentations; and what particular subjects would be selected for examination, for example, food, energy, balance of payments, investment and labour policies. He felt that until these questions had been clearly settled the modalities could not be defined and the present session of the Board might not advance beyond the stage of raising questions such as those he had referred to.

122. The representative of Italy said that, in dealing with problems of trade and development, member States needed to be guided by a basic recognition that the problems of developing countries could only be effectively tackled if the interrelationships among trade, money and finance, energy and development itself were borne in mind. The growing awareness that there was an interdependence not only of economies but also of problems required that a new approach to global economic co-operation be taken by all, in order to overcome the current difficulties. There were major obstacles to the resumption of rapid and balanced growth in world production and trade and there was a common interest in overcoming them.

123. He added that the reduction of factors of uncertainty and instability was necessary to enable the carrying out of structural change, a prerequisite for bringing about a new international economic order. However, priority attention had to be given to internal problems, which if not tackled would make structural adjustment more difficult, and in this regard he cited inflation as the most serious problem. Security of energy supplies was essential for economic progress in both developed and developing countries, and the continuity and predictability of such supplies was the key to the solution of global economic problems.

124. His Government nevertheless continued to consider that new approaches were needed to achieve the necessary structural changes for a more balanced global economic structure and that, if all countries were prepared to accept their share of responsibility, a better understanding could be reached, thereby facilitating the search for the most appropriate solutions. It was therefore to be hoped that the global negotiations would succeed. In order to contribute to those negotiations, UNCTAD should continue to work within its mandate, seeking solutions to single, concrete problems.

125. The representative of Turkey stated that the current session of the Board was of particular importance given that the international community was engaged in the search for a common approach in the face of increasing economic uncertainties and payments imbalances. Despite the growing recognition of the structural nature of the crisis, there did not appear to be any progress in negotiations aimed at the establishment of a more equitable and efficient world economy. Specific and concrete action was required to deal with the continuing sharp fluctuations and price distortions and with growing rigidities and uncertainties in the world economy. It was necessary to give more detailed consideration to the problems of developing countries and to approach the whole question in a global context and through radical changes in the relations governing international trade.

126. In his view, a major obstacle to the restructuring of the world economy was the tendency to deal with immediate and short-term problems at the expense of long-term growth. The experience of the previous decade had proved that alternating programmes of austerity and expansion and policies aimed at the protection of declining industries were far from solving the economic problems faced by the world economy and tended to aggravate them by delaying the application of policies aimed at introducing the flexibility required for adopting measures of structural adjustment in the industrialized countries.

127. He stated that UNCTAD could play a useful role in translating general discussions into specific actions if there were realistic public discussion of available options and if the requisite political will prevailed. In this regard, he agreed that consultative machinery should be set up within UNCTAD, and provided with specific guidelines in order to ensure that it properly kept interdependent issues in all areas of trade and development under constant review.

128. The representative of Japan welcomed the discussion which had taken place and hoped that it would lead to a fair and balanced recognition and evaluation of the present world economic situation. Noting the unfavourable outlook for both developed and developing economies, as outlined in the secretariat documentation as well as in the latest issue of OECD Economic Outlook (July 1980), he stated that the OECD countries would have to go through a period of painful adjustment to higher energy costs and the attendant terms of trade losses. He pointed to the greatly increased external financing needs of the non-oil exporting developing countries, as well as the need for sustaining the import capacity of these countries.

129. The OECD countries had been taking long-term policy measures in areas to raise productivity, encourage sound competition, maintain open markets and implement positive adjustment policies, while pursuing tight fiscal and monetary policies. The criticism of the latter policies by the UNCTAD secretariat and the suggestion that they were inconsistent with long-term objectives should be viewed against the policy intentions of those Governments. In particular, the Governments of OECD countries felt that there was no realistic alternative to placing a continuing priority on containing inflation, but once the terms of trade losses had been absorbed, a less restrictive stance could be adopted.

130. Reviewing the economic situation in Japan, he said that the worst appeared to be nearly over with respect to inflation and that official policy was now to consolidate price stability by maintaining aggregate demand consistent with long-term stable growth. As a result of the specific policies which had recently been adopted, the economy was expected to achieve a growth rate of 4.8 per cent in the current fiscal year, against the long-term target of 5.5 per cent per annum up to 1985. He emphasized a number of policies devoted to structural change being pursued by the Governments of OECD countries. His own Government, while principally relying on the market mechanism, was in certain cases taking specific measures to facilitate the rationalization of industry and a shift into more viable production lines and also to facilitate the transfer of labour and thus ensure a smoother adjustment process. In that respect, his Government strongly supported the new declaration on trade policy adopted at the recent ministerial meeting of OECD.

131. He noted the UNCTAD secretariat's conclusion that, in view of the slow growth projected for developed market-economy countries of 1.5-2.5 per cent annually, a 7 per cent average rate of growth of GDP for developing countries would require external financial requirements exceeding 2 per cent of the GDP of the developed market-economy countries by 1990. That seemed to him unduly pessimistic, in view of the most recent conclusions of the World Bank and of the longer-term policies of structural adjustment being pursued by all countries, which would be facilitated if they were coupled with a greater predictability of the supply of energy. His delegation was convinced that UNCTAD and other United Nations bodies could make a useful contribution to reducing uncertainty and instability through a continuous review and evaluation of the world economic situation in the context of the interdependence of trade, money and finance, development and energy.

132. The representative of Belgium reviewed the factors, and their interdependence, that were responsible for the evolution of the world economy in the 1970s, and underlined the international community's heavy responsibility for restoring the world economy and restructuring international relations so as to render them more equitable. Accordingly, UNCTAD needed to pay special attention to the question of the interdependence of economies and, in particular, to give more consideration to changes which had taken place, avoiding the traditional approaches of the 1960s.

133. He noted that the concept of shared responsibility as it related to interdependence was neither egalitarian nor requiring the same effort by all. The situation was more complex, and while the mutual dependence of developed and developing countries in many instances operated to the advantage of the former, the converse could apply, as it did, for example, in the relations between the oil-producing and oil-consuming countries. On the other hand, the situation of the poorest countries could only be characterized as one of dependence.

134. His Government held that it was necessary to build up a balanced interdependence out of the existing imbalance and did not see the concept of interdependence as a way for industrialized countries to avoid their responsibilities. One way of promoting more balanced interdependence in the context of economic growth for all was by means of a substantial transfer to developing countries of the purchasing power of industrial economies. While this would stimulate world demand, the transfer would need to be channelled towards productive investments and improvements in agricultural productivity, if it were to have a lasting effect. At the same time, the transfer would need to be accompanied by appropriate structural changes in the industrialized countries.

135. In that connexion, his Government had submitted certain proposals at the eleventh special session of the General Assembly (A/S-11/AC.1/5). The proposal, characterized as a pact for interdependent growth, through the multiplier effects of increased foreign aid and the resultant feed-backs, was intended to promote positive and complementary structural changes in the economies of the developed and developing countries.

136. The representative of the Federal Republic of Germany stated that the present world economic situation was characterized by a number of unfavourable developments and that there was a need for international consultations with a view to improving the analysis of world economic problems. He recognized the competence in this area of existing international institutions, such as the International Monetary Fund and the World Bank. Nevertheless, he agreed with the Group of 77 that UNCTAD could perform a special task within its mandate and recalled the discussions at the fifth session of UNCTAD on this subject. He regretted that the attempt to undertake such work had failed and noted that in the meantime the preparatory process for global negotiations had been embarked upon in the United Nations. Nevertheless, the fact that those negotiations would start shortly did not prevent existing international bodies from improving their working methods and fulfilling their mandates.

137. His Government was willing to consider new ideas regarding consultations within UNCTAD, but certain conditions needed to be met in order to ensure the success of such efforts. First, studies prepared by the secretariat should be objective, concise, free from ideological assessments and not directed exclusively against one group of countries. In that connexion, the position taken by the secretariat in document TD/B/803/Add.2 regarding the anti-inflationary policies of the developed market-economy countries was not helpful. Secondly, the documentation would need

to be circulated well in advance of meetings called to consider it in order that the competent departments in capitals could make adequate preparations. Thirdly, discussions at the Board should be open and substantive. There should be no constraint on the discussion of particular topics and exchanges of views should not necessarily be conducted with the aim of making decisions or adopting resolutions.

138. The representative of the United Kingdom of Great Britain and Northern Ireland said that the wording of the two agenda items under discussion indicated that they were beginning to show their age. While UNCTAD had inaugurated discussions in this area, they had now moved far beyond its confines. In that connexion, he noted that the General Assembly had taken a much greater involvement in economic matters since its sixth special session in 1974 and that UNCTAD itself was an organ of the Assembly. In his view, the fundamental assumptions on the basis of which UNCTAD had been created were that the external component of the development process was primarily trade and that the responsibility for development was primarily that of the developing countries and should be a function of their national policies, priorities and choices. When UNCTAD was established in 1964, the prevailing atmosphere had been relatively optimistic and there had been a considerably greater identity of views regarding the nature of the development path than at present prevailed.

139. He suggested that those two fundamental assumptions were more sharply defined in the 1960s than they were now or were likely to be in the foreseeable future. That meant that it would be more difficult in the 1980s to construct a conceptual framework sufficiently comprehensive and at the same time capable of providing a unifying force. Thus, a more pragmatic and selective approach would need to be followed in UNCTAD in the future and subjects such as those currently under discussion under agenda items 3 and 4 should be viewed as a background to the work of UNCTAD rather than a foreground.

140. He expressed a certain perplexity with respect to the documentation submitted by the secretariat under item 4. He associated himself with other delegations who could not accept the views on inflation expressed by the secretariat, and more generally questioned what documentation would be appropriate. He suggested that there was much material available in the United Nations system, in other intergovernmental bodies and in private organizations which was not available in all the working languages, and he wondered whether the secretariat might not be invited to provide a survey of such material, with a covering comment, if desired, by the Secretary-General of UNCTAD. Such documentation would provide a useful basis on which to discuss these issues. He also believed the discussions should be informal, and without records, in order to facilitate a more open exchange of views. A useful outcome of the current session would be to give a clearer idea of the sort of documentation appropriate to the subject-matter, and to agree to take a decision at the next session of the Board on the modalities for dealing with these issues.

141. The representative of the United States of America stated that he was sceptical as to whether any global negotiations within UNCTAD should take place concurrently with the global negotiations to be carried out in New York.

142. The representative of Iraq said that his delegation regretted that Group B delegations had not explained the reasons for the failure of the global negotiations in New York, but rather had taken it upon themselves to defend the position of the non-oil-exporting developing countries and raise issues which did not fall under

agenda item 3, which concerned the evaluation of the world trade and economic situation. UNCTAD was not and would not be the appropriate forum to discuss and negotiate the issue of energy. In that connexion, he wondered why they had not given a single answer to the proposal of President Saddam Hussain of Iraq, made at the fifth session of UNCTAD, to establish an international long-term fund to compensate for inflation, to which all developed countries, irrespective of their economic and social systems, should contribute an amount equivalent to the inflation of the prices of the exports of their manufactured goods and technology to the developing countries. At the same time, oil-exporting developing countries should contribute by an amount equivalent to the increase in the price of oil exported to developing countries. His own Government had implemented that proposal on a bilateral basis and, in addition, was providing developing countries with development assistance amounting to some 5 per cent of its gross national product, in contrast to the developed countries, most of whom had refused to contribute even the target figure of 0.7 per cent. His country had often indicated a readiness to discuss, in an appropriate forum, such as the United Nations, the question of energy, together with such other major issues as trade, the reform of the international monetary system, financial flows to developing countries, and the transfer of technology. However, the countries of Group B lacked the necessary political will and appeared more interested in raising questions that would benefit no one. In conclusion, he noted the analysis made by a consultant commissioned by UNCTAD, which demonstrated the effects of inflation on countries members of OPEC and other developing countries (TD/B/C.3/145). 9/

143. The spokesman for Group D noted that over the decade of the 1970s a very complex situation had developed. What was often called the world economic crisis could more correctly be described as a crisis of the capitalist economies. It was not enough just to establish the facts of the current situation; it had to be clearly stated that its causes did not stem either from socialist or from developing countries. They were not due to the interdependence of economies but to conditions in the leading capitalist countries.

144. Another aspect of the current situation was the renewed arms race, which was of concern to all countries and peoples. Indeed, in the last few months there had been threats of force against developing countries. Events subsequent to the fifth session of UNCTAD had confirmed the analysis made by the socialist countries at the Conference (see para. 80). It was unfortunate that the States responsible for the present situation were not trying to overcome it but rather were creating new obstacles, including the resort of new protectionist measures. UNCTAD should carry out further studies on protectionism and review the results of the multilateral trade negotiations. The reinforcement of protectionist measures had a particularly serious impact on developing countries and resulted, inter alia, in a heavier debt burden for these countries.

9/ "Development and the members of the Organization of Petroleum Exporting Countries (OPEC)", a study by Mr. Abdelkader Sid Ahmed, consultant, prepared at the request of the UNCTAD secretariat.

145. He stated that global problems required an appropriate response and, in that regard, UNCTAD should deal with all flows of trade, adding that blockades were in violation of international economic co-operation. He agreed with the Group of 77 that more attention should be paid to trade between developing countries and socialist countries.

146. Group D took seriously efforts to expand international co-operation as outlined in the review of trade between countries having different economic and social systems that was before the Board under agenda item 7 (TD/B/808 and Add.1). In this regard, he noted that the trade of CMEA countries had been growing rapidly, particularly with developing countries. Five of those countries had successfully designed and adopted a simplified, harmonized system of trade preferences for developing countries. They were expanding their economic co-operation in other fields as well, and had provided assistance to 86 developing countries, including 400 separate projects.

147. He recalled the declaration of socialist countries members of CMEA at the eleventh special session of the General Assembly on the contribution of those countries to the achievement of the goals and tasks of the new international development strategy (A/S-11/AC.1/4). Success required an atmosphere of increased confidence and reduced tensions. In this regard, the experience of the CMEA countries and of developing countries indicated the potential that existed.

148. Group D understood the concept of economic co-operation among developing countries as a tool for economic decolonization and consequently a sovereign matter for those countries. Policies pursued in this field could not fail to improve international economic conditions. Group D was very interested in the restructuring of the world economy and believed that the necessary international co-operation to that end required efforts to maintain world peace. In that context, he noted that disarmament would make possible the transfer of many billions of dollars of resources to social uses in developing countries. In conclusion, he drew attention to the communiqué adopted by the Committee of the Ministers for Foreign Affairs of the Warsaw Treaty Member States in December 1979 (see A/34-825-S/13686, annex). As stated therein, there was a need to reinforce economic links among countries in a context of fair and democratic co-operation.

149. Commenting on the discussion on these two agenda items, the spokesman for the Group of 77 said that his Group was particularly grateful to the Secretary-General of UNCTAD for his careful and comprehensive review of the issues before the Board, in particular the framework of structural change within which he had set the specific issues. His representative had supplemented those remarks by a detailed elaboration of a specific aspect, namely the longer-term prospects for developing countries and their relationship to the transfer of real resources. The Group of 77 appreciated the contribution which had been made to the discussion by Group D, China and some members of Group B, but was naturally disappointed that some of the major Group B countries had not found it possible to give the Board the benefit of their views.

150. On behalf of the Group of 77 he wished to stress certain points:

(a) Group B should not be under any illusion that, having failed to reach a full consensus in New York at the special session of the General Assembly for

launching the global round of negotiations on raw materials, trade, energy, money, finance and development, they could transfer those negotiations to UNCTAD. The position of his Group remained as stated at the end of that special session.

(b) The analysis and consideration of structural change in the world economy should continue to take place within UNCTAD. The developing countries intend to pursue vigorously their own programme of work, which would make a significant contribution to the establishment of the new international economic order.

151. As regards the evaluation of the world trade and economic situation and issues, policies and measures to facilitate structural change, the Group of 77 looked forward to further analytical work by the UNCTAD secretariat. The Secretary-General of UNCTAD had indicated that work was in progress for the preparation of such an analytical report, and his Group requested that the report place particular emphasis on the interrelationships of the problems of trade, money and finance and development as they affected the development prospects of the developing countries. The analytical report should be sharply focused on these issues, drawing attention to the specific policy measures which would be required if the developing countries were to attain the growth targets set out in the new international development strategy and if international economic relations were to be based on the principles of equity, sovereign equality and justice.

152. The Secretary-General of UNCTAD and delegations had uniformly described the current world trade and economic situation as critical, grave and with prospects of growing even worse. It was not necessary, therefore, to repeat at length the quantitative assessments of the significantly lower growth rates projected for the next two years; nor was it necessary to refer endlessly to the enormous deficits of the majority of the developing countries or to the increasing debt burden and unemployment which, like inflation, was now a global phenomenon. The world was long on description and analysis of this dangerous situation but unfortunately very short on taking appropriate remedial measures.

153. The Group of 77 considered that the responsibility for this situation rested largely with the group of major industrialized countries because of their historical importance in the global economy. The basis of that "global" economy had been shattered, and those countries had, without success, pursued exclusive and regional approaches to finding solutions. The developing countries now looked to the major industrialized countries to give up these approaches and join with them in UNCTAD in a co-operative search. Indeed, the policies that they had devised over the past few years, individually or collectively, had not restored the world economy to any semblance of stability and order. At one time or other their short-term crisis solutions had been abandoned as impracticable. Where others had been maintained for slightly longer periods, as in the case of their continuing search for solutions to inflation, they had succeeded in increasing the rate of inflation, increasing unemployment in their own countries, driving the world into a severe recession and wreaking havoc on the economies beyond their borders. Each measure taken had a direct relationship with other measures. The anti-inflationary restrictive monetary and fiscal policies had increased unemployment, and as unemployment had increased they had resorted to further protectionist measures, not only among themselves, but, more critically, against the exports of developing countries, who could least afford to bear the costs as reflected in the disruption of their production and exports.

154. The decline in export earnings, with significantly deteriorating terms of trade, had led developing countries to finance the adjustment process through recourse to private capital markets. Those who had no access to capital markets and for whom official development assistance transfers were inadequate had had to cut back on their development projects. Nevertheless, developing countries, as a group, had contributed to maintaining what little dynamism existed in the world economy through their absorption of the manufactured exports of developed countries. At whatever point one began to analyse the situation in the developed countries, whether it be inflation, protectionism, international monetary disorder, low and declining productivity, excessive consumption or sluggish investment, it all added up to a recognition of the structural rigidities and imbalances within their economies. No amount of short-term policy measures could resolve those fundamental problems. That was increasingly being recognized, but the necessity for finding and implementing long-term solutions had not been sufficiently recognized. The weight of the major industrialized economies in world output and trade made it inevitable that they transmit their problems abroad and create difficulties for the developing countries. It was for that reason that the Group of 77 had consistently called for greater participation in decision-making in the international institutions so as to help shape and influence the appropriate long-term policies.

155. If he drew particular attention to inflation, it was because that issue had been before the international community for many years. The Secretary-General of

UNCTAD had been requested by the General Assembly to make recommendations on combating inflation and the Group of 77 requested him to take up this matter on an urgent and priority basis so that the appropriate recommendations might be made through the Trade and Development Board to the General Assembly at its thirty-sixth session.

156. Having reviewed the documentation submitted under agenda item 4 and the statement by the Secretary-General of UNCTAD, the Group of 77 could agree that the prospects for developing countries were not particularly attractive in the absence of adequate transfers of real resources, coupled with the necessary structural changes in the global economy. They did not believe that the fundamental problem facing developing countries was necessarily slow growth in developed countries or even the inadequate transfer of real resources. They would wish to take up that matter in greater detail not only when the Board examined the proposals for an effective system of international financial co-operation, but also when it had the analytical report prepared by the Secretary-General of UNCTAD.

157. The Group of 77 continued to urge the countries members of Group D to join with them in a constructive search for a new interdependence which recognized the legitimacy of the different social and economic systems. At the same time, they took note of the statement by the representative of China, which had constantly supported their reasonable requests. A number of developed countries members of Group B, including Norway, the Netherlands and France, had made some constructive comments during the discussion and he would like to encourage them, therefore, to use their good offices in their Group to ensure that rapid progress was made in promoting structural changes both at the economic and at the institutional levels, in an objective and open approach to the problems being faced. He invited Group B to join with the Group of 77 in UNCTAD in innovating approaches to remedial action and in recognizing that structural changes could not be left merely on a rhetorical plane. It was self-evident, given that a start would be made from interdependence based on inequality, that moves must be made to correct that situation.

158. The Group of 77 looked forward to the next session of the Board, when the two agenda items would be taken up on the basis of documentation prepared by the Secretary-General of UNCTAD which had a clearly defined and sharp focus on the central issues. When they came to consider these issues, he hoped that the other Groups would agree with his Group that further work would need to be done on the evolution of new rules and principles governing international economic relations.

159. He trusted that there would be a consensus to keep both items 3 and 4 on the agenda of the next session of the Board. Item 4 was a regular item of the Board's agenda, but an appropriate decision would need to be taken to ensure that item 3 was also on the agenda of the next session.

Action by the Board

160. At its 544th meeting, on 27 September 1980, the Board decided, upon the proposal of the President, to transmit agenda item 3 to its twenty-second session and accordingly to include it in the provisional agenda of that session.

161. At the same meeting the Board decided to refer the draft resolution on the interdependence of problems of trade, development finance and the international monetary system 10/ to its twenty-second session for further consideration and appropriate action.

10/ TD/B/L.360, reproduced in Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 15 (A/9615/Rev.1), annex II.

CHAPTER III

SPECIFIC MATTERS ARISING FROM THE RESOLUTIONS, RECOMMENDATIONS AND OTHER DECISIONS ADOPTED BY THE CONFERENCE AT ITS FIFTH SESSION REQUIRING ATTENTION OR ACTION BY THE BOARD AT ITS TWENTY-FIRST SESSION

(Agenda item 2)

162. This agenda item was referred to Sessional Committee I for consideration and report, except with respect to Conference resolution 131 (V) and Conference resolution 114 (V), section II, paragraph 4, which were considered by Sessional Committee III and the Working Group on Rationalization of the Permanent Machinery of UNCTAD, respectively.

A. Conference resolution 102 (V)

(Development aspects of the reverse transfer of technology)

Consideration in Sessional Committee I

163. The representative of the Secretary-General of UNCTAD observed that the secretariat had submitted a document (TD/B/L.554) to the Board at its twentieth session reviewing the background to the question of the group of experts envisaged in Conference resolution 102 (V) and General Assembly resolution 34/200 of 19 December 1979 - in particular that of the methodology to be used in measuring resource flows - and outlining possible action by the Board. As discussion at that session had shown there to be some ambiguity surrounding the issue, the secretariat had submitted an addendum to that document for consideration by the Board at its current session, indicating the technical nature of the issues to be considered by the proposed group of experts.

164. He added that, after consultations with United Nations Headquarters concerning the follow-up requested from the Secretary-General of the United Nations in paragraph 6 of Conference resolution 102 (V) and paragraph 3 of General Assembly resolution 34/200, it had been concluded that the Board, should it do so, would not be acting prematurely or incorrectly were it to proceed to consider the necessity of convening a group of experts on this subject, in view of the action taken by the General Assembly in specifically requesting the Board to proceed with the consideration of this matter at its twentieth session. It went without saying that such action by the Board would in no way affect the prerogatives or responsibilities of the Secretary-General of the United Nations to take the necessary measures, after consultations with all concerned agencies, with respect to the co-ordination within the United Nations system of the treatment of the brain drain, which were entrusted to him by the Conference at Manila and by the General Assembly, nor would it prejudice the division of areas of competence, which would be the outcome of the consultations, already under way. Following the invitation formulated in Conference resolution 102 (V), the intersecretariat co-ordination machinery had been seized of the issue, which was on the agenda of the Consultative Committee on Substantive Questions for Programme Matters of the Administrative Committee on Co-ordination. It was not yet known when the Committee would resolve the issue.

165. The spokesman for the Group of 77 said that his Group attached great importance to the question and proposed to introduce a draft resolution on the subject. At the 7th meeting of the Sessional Committee, on 23 September 1980, he introduced the draft resolution (TD/B(XXI)/SC.I/L.2), observing that it involved an institutional as well as a substantive aspect. Regarding the institutional aspect, it was the understanding of his Group that the convening of the group of experts by the Board, at the current session, would not prejudice the final decision by the Secretary-General of the United Nations in response to paragraph 3 of General Assembly resolution 34/200. He concluded that it would be for the group of experts to take a decision on the feasibility of measuring human resource flows.

166. The spokesman for Group B said that the countries of his Group appreciated the initiative taken by the Group of 77 in submitting a draft resolution which they felt would help facilitate consideration of the matter. From the statement by the representative of the Secretary-General of UNCTAD, it was clear that the question of the necessary measures to be taken by the Secretary-General of the United Nations with respect to co-ordination of the treatment of this issue pursuant to paragraph 6 of Conference resolution 102 (V) and paragraph 3 of General Assembly resolution 34/200 was still under consideration within the United Nations system. The preliminary conclusions of intrasecretariat consultations also indicated that the Board "would not be acting prematurely to consider the necessity of convening a group of experts on this subject". However, the preliminary conclusions were conspicuously silent as to whether the Board would be acting prematurely or incorrectly were it to proceed to take a decision on the appropriate arrangements before the necessary measures had been taken by the Secretary-General of the United Nations. The second part of the conclusions had convinced his Group that it would be advisable for the Board to defer taking any decision on the subject until the necessary co-ordination decisions had been taken following the consideration of the question by the Consultative Committee on Substantive Questions and other competent organs.

167. His Group proposed that the Board invite the Secretary-General of the United Nations to take an early decision with respect to paragraph 3 of General Assembly resolution 34/200 so that the work in this area might proceed. In the meantime, it suggested that the Board remit this item to its twenty-second session, in the hope that the decision of the Secretary-General of the United Nations on co-ordination would have been taken by then.

168. As to the note by the secretariat (TD/B/L.554/Add.1), the following observations had emerged in the preliminary discussions among Group B countries. The note seemed to assume that human resource flows could usefully be measured. However, the request made by the General Assembly was that consideration be given to appropriate arrangements for examining the feasibility of measuring such flows. In other words, the Board was asked to determine whether measuring of such flows might be possible and practicable for any useful purpose. The note by the secretariat appeared to be prejudging the answer to this question. His Group hoped that progress was being made in the preparation of other empirical studies by the secretariat called for by resolution 7 (II) of the Committee on Transfer of Technology, Conference resolution 102 (V), paragraph 7, and General Assembly resolution 34/200, paragraph 6.

169. The spokesman for Group D stated that taking measures with the aim of overcoming the negative influence of the "brain drain" on the social and economic development of developing countries was becoming of greater importance within the complex of measures for the attainment of the objectives of the Third United Nations

Development Decade, as stressed by many delegations at the eleventh special session of the General Assembly. He proposed that the proposals formulated during that special session be taken into account in the future work programme of UNCTAD. Both at the fifth session of UNCTAD and at the twentieth session of the Board, his Group had expressed support for developing countries to exercise their legitimate right to compensation for losses incurred through the "brain drain". He expressed support for the draft resolution submitted on behalf of the Group of 77 and stated that the intergovernmental group of experts should be convened on a broad and fair geographical basis. He further suggested that, in their work, the group of experts should also take into account studies carried out by other organizations, so as to avoid unnecessary duplication.

170. At the closing meeting, on 25 September 1980, the Chairman introduced a draft resolution (TD/B(XXI)/SC.I/L.4) which he had submitted as a result of his informal consultations, and draft resolution TD/B(XXI)/SC.I/L.2 was withdrawn.

171. At the same meeting, the Committee recommended draft resolution TD/B(XXI)/SC.I/L.4 for adoption by the Board.

172. The spokesman for Group D said that his Group was joining the consensus on the draft resolution on the understanding that the group of experts would be convened on the principle of broad and equitable geographical distribution.

173. The Chairman confirmed that there was an understanding among all the Groups that the intergovernmental group of experts should be convened on the principle of broad and equitable geographical distribution.

Consideration in plenary

Action by the Board

174. At its 544th meeting, on 27 September 1980, the Board adopted the draft resolution recommended by Sessional Committee I (for the text, see annex I, resolution 219 (XXI)).

B. Conference resolution 109 (V)

(Assistance to national liberation movements recognized by regional intergovernmental organizations)

Consideration in Sessional Committee I

175. The Chairman drew attention to a progress report by the Secretary-General of UNCTAD (TD/B/820) on assistance to national liberation movements recognized by regional intergovernmental organizations.

176. The representative of Nigeria observed that the report was extremely short and it seemed that not a great deal was actually being done pursuant to resolution 109 (V). He hoped that a more comprehensive and detailed report would be available to the Board at its twenty-second session and that the Secretary-General of UNCTAD would intensify efforts to that end.

177. The representative of China expressed the hope that the secretariat could complete the studies as soon as possible and endorsed the views of the representative of Nigeria.

178. The spokesman for Group D, taking note of the report, shared the view that work in this area was still unsatisfactory. His Group considered it necessary to emphasize that the preparation of the studies concerning peoples and countries still living under colonial domination or foreign occupation, including the study on Palestine, could further the attainment of the aim set by the General Assembly of achieving as early as possible the full implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. He emphasized the position of principle of the socialist countries concerning their persistent and unwavering support for the struggle of peoples for their national and social liberation, and in particular that of the peoples of Namibia, South Africa and Palestine, and also that those countries unwaveringly supported the heroic struggle of the people of Zimbabwe for its freedom and independence, which had recently ended in a great victory. Group D was sure that the Secretary-General of UNCTAD and his staff fully understood the importance of the problem and that he would submit the above-mentioned studies in good time, so that the Board could adopt further measures at its next session.

179. The observer for the Pan Africanist Congress of Azania expressed her organization's thanks to the African countries and other progressive countries and organizations for their unflinching support to the national liberation movements of southern Africa. She hailed the experience of Zimbabwe as an inspiration to the peoples of Namibia and Azania in their just struggle for national liberation and self-determination and reiterated her organization's support for the peoples of Namibia, Palestine, Western Sahara, Latin America and Asia in their just struggle for independence and self-determination.

180. She drew attention to the problems of the millions of her people who had been denied the right to independence and self-determination by the racist-settler colonialist system whose policies of apartheid and white supremacy had shocked humanity and had received world-wide condemnation. It was a system which sought to destroy the human worth of the African people and to create out of the oppressed masses of Azania armies of marketable economic robots vulnerable to maximum exploitation for the benefit of the minority colonial racists and their allies - the Federal Republic of Germany, the United Kingdom of Great Britain and Northern Ireland, the United States of America, France and Japan, to name but a few - who were responsible for the lubrication of the machinery of apartheid and the continued subjugation and exploitation of the African people and her country, Azania, despite repeated United Nations resolutions on arms embargoes, trade links, etc.

181. Colonialism was a monster and the whole world must work for its destruction - and for the total liberation of Azania and Namibia from the clutches of colonialism and apartheid, which was the only guarantee for the creation of conditions favourable for peace and security in southern Africa and the entire African continent.

182. Her organization wished to make the Board aware of the present situation in Azania, where the struggling masses - especially the youth and the workers - were in mortal combat with the oppressor colonial régime of South Africa and where wanton massacres were the order of the day.

183. One of her organization's main tasks was to develop her country's manpower to satisfy its present and future needs to enable her people to carry the struggle beyond the present phase of national liberation to the reconstruction phase. To achieve this objective it needed UNCTAD's assistance. She hoped that the completion of the UNCTAD study would be followed by the practical implementation of the programme of assistance to national liberation movements and thanked UNCTAD for the work it had done so far.

184. Concluding, she reiterated her organization's resolve to liberate Azania from colonial rule.

185. The Chairman proposed that the Sessional Committee should take note of the progress report by the Secretary-General of UNCTAD (TD/B/820).

186. The representative of Nigeria, recalling his earlier statement on the subject, stated that his delegation accepted that the Sessional Committee take note of the progress report, on the understanding that the secretariat would make available a comprehensive report on the subject to the Board at its twenty-second session.

187. This understanding was supported by the spokesman for Group D.

188. The representative of Madagascar asked the Chairman whether the wording of his proposal meant that the secretariat was going to intensify and complete the studies undertaken in accordance with Conference resolution 109 (V).

189. In reply, the Chairman said that his proposed wording merely reflected the fact that document TD/B/820 had been laid before the Sessional Committee and that the Committee had taken note of it. He felt that the answer to the question raised by the representative of Madagascar was to be found in the statements made by the spokesmen for the regional groups, including the Group of 77, in that they had urged the secretariat to redouble its efforts and to ensure that, as far as possible, the studies in question would be made available to the Board at its twenty-second session. It was his understanding that the record of those statements in the report of the Committee fully reflected the attitude of the regional groups and that the secretariat had taken full account of the views thus expressed.

190. The representative of Madagascar said that, in the light of the positive clarification by the Chairman, her delegation accepted the proposal in a spirit of compromise.

191. The representative of China stated that his delegation expected that the studies under resolution 109 (V) would be completed by the secretariat as soon as possible.

192. The representative of Belgium stated that at Manila his delegation had made a statement, on behalf of the States members of the European Economic Community, on resolution 109 (V), which he wished to recall in this connexion.

193. The spokesman for Group B said that his Group supported the proposal by the Chairman that the Sessional Committee take note of the progress report by the Secretary-General of UNCTAD (TD/B/820).

194. The representative of Israel recalled that his delegation, along with a number of others, had voted against resolution 109 (V); his delegation firmly maintained its position, as reflected in the report of the Conference. Consequently, he opposed the envisaged field trip referred to in the progress report.

195. The representative of the United States of America said that his delegation supported the proposal to take note of the progress report on the understanding that it did not prejudice the position his country had taken while voting with a number of countries members of Group B against resolution 109 (V).

196. At the closing meeting, on 25 September 1980, the representative of the United States of America, speaking on behalf of the Federal Republic of Germany,

France, Japan and the United Kingdom of Great Britain and Northern Ireland, said they were regretfully obliged to take note of the intervention made at an earlier meeting of the Sessional Committee by a non-governmental observer. It was unfortunate that the non-governmental observer, who had been invited to make an oral statement under rule 79 of the rules of procedure, should have used the opportunity to make political attacks against certain members of UNCTAD. They would not attempt to respond to those charges, which they considered totally unfounded, as to do so would only distract from the important and real tasks of the organization.

Consideration in plenary

Action by the Board

197. At its 544th meeting, on 27 September 1980, the Board, in taking note of the report of Sessional Committee I, took note of the progress report by the Secretary-General of UNCTAD (TD/B/820).

C. Conference resolution 114 (V) (Institutional issues)

198. This subitem was considered in conjunction with item 6, by the Sessional Working Group on Rationalization of the permanent machinery of UNCTAD (see chap. IX).

D. Conference resolution 119 (V) (Protectionism in the services sector)

Consideration in Sessional Committee I

199. The Committee took note of the note by the UNCTAD secretariat (TD/B/804) regarding the implementation of an examination and analysis of the discriminatory and unfair civil aviation practices employed by the developed countries on the growth of air transport, including air cargo and tourism, in developing countries.

Consideration in plenary

Action by the Board

200. At its 544th meeting, on 27 September 1980, the Board, in taking note of the report of Sessional Committee I, took note of the note by the UNCTAD secretariat (TD/B/804).

E. Conference resolution 128 (V) (International monetary reform)

201. This subitem was considered in conjunction with item 9 (see chap. VI, sect. B).

F. Conference resolution 131 (V) (Protectionism and structural adjustment)

Consideration in Sessional Committee III

202. Opening the discussion on this item, the representative of the Secretary-

General of UNCTAD said that, as shown in the report by the UNCTAD secretariat entitled "Structural adjustment related to trade: issues and policies" (TD/B/805), the share of developing countries in the over-all production and exports of manufactured goods had been and continued to be very small. Although the growth rates for these countries had been faster than those of the developed countries, they were not fast enough to reach the desired goal. The period 1960-1978 had been characterized on the whole by a rapid expansion of world industrial production and there had been impressive industrial growth in a limited number of developing countries. However, owing to existing or new obstacles to trade, the developing countries had been prevented from expanding the profitable production of a wide range of goods, particularly products based on the processing of domestic raw materials. The developing countries enjoyed their main comparative advantage in labour-intensive products, yet these were the very products that were traditionally protected areas in the developed market-economy countries.

203. He said that the process of industrialization of the developing countries should not be seen as exclusively associated with a pattern of restructuring in which they industrialized simply by "taking over" the production of goods hitherto produced by the developed countries. With the increased availability of advanced technologies, the shortening of development stages and even qualitative and quantitative jumps had become possible under certain conditions. This might make change in comparative advantage more dynamic, more complex and also less predictable, thus requiring a quicker and more flexible response in trade and industrial adjustments.

204. Given the tendency of developed market-economy countries to regard the growing manufactured exports of the developing countries as a potential threat to their prevailing industrial structures, their domestic industrial policies had been a mixture of forward-looking adjustments and of defensive domestic measures. There was a need to define in more precise terms the concept of positive adjustment policies and the relationship of the latter with trade policies, in particular the possible effects of various lines of positive adjustment action on the trade and development of the developing countries.

205. Referring to trade with the socialist countries of Eastern Europe members of Group D, he said that, in parallel with their efforts to intensify East-West trade, those countries had been endeavouring to develop trade and co-operation with developing countries, in particular in the industrial field. So far, the trade-creating effect of such co-operation had not been the same as in the case of East-West trade, but with the experience acquired in East-West trade, industrial collaboration arrangements could also become a powerful instrument in East-South trade in manufactures, provided that adaptations were made to meet the conditions and requirements of the developing countries.

206. He felt that the main conclusion which emerged from the secretariat report was that structural adjustment should be seen as intimately linked not only with trade policies, but also with the elaboration of a coherent world trading system. In such a framework, the growing export capacity of the developing countries could be accommodated through a lively process of dynamic adaptation in the economies of industrialized countries.

207. Referring to the secretariat review of developments involving restrictions of trade (TD/B/805/Supp.3), he said that much of the pertinent material was not publicly available. Consequently, if the review highlighted the measures of some countries more than those of others, this should not be taken as an indication of

the relative degree of restrictiveness of their trade régimes. In view of the fact that at the end of 1979 a variety of non-tariff barriers were still in operation affecting a number of products, both agricultural and industrial, of export interest to the developing countries, the review stressed the need for some guidelines to facilitate the liberalization of such measures, taking into account, inter alia, (a) the need for a well-defined time frame for the elimination or reduction of trade restrictions; (b) the modalities for the removal or phasing out of such restrictions; (c) pending the final elimination of trade restrictions, measures for growth of existing quotas in favour of developing countries, including new and small developing country suppliers; and (d) the need for removal of discriminatory aspects of trade restrictions.

208. Referring to the secretariat report entitled "A case study approach to trade-related structural adjustment" (TD/B/805/Supp.1), he said that experience had clearly shown that reduced trade barriers had led to an expansion of trade through greater intra-industry specialization, and not to the elimination of whole industries as might have been predicted by the traditional explanations of international trade. In addition, the short-run costs of intra-industry structural adjustments might be considerably reduced (because of the increased possibilities for redeployment of capital equipment and labour, as well as the lower labour retraining costs within an industry) compared with the costs of structural changes that required substantial shifts of factors from one industry to another, possibly also involving geographical relocation. In the light of these considerations, the UNCTAD secretariat was undertaking further research into intra-industry specialization as a means of expanding the industrial exports of the developing countries, and as a possible way of bringing about greater compatibility between the dynamics of industrial growth in both developed and developing countries. This research effort would include a series of case studies on the linkages between trade-related structural adjustment, protectionist trends and intensified intra-industry trade between developed and developing countries in specific industrial contexts. In short, the case study approach was meant to contribute to the provision of better information on, and some insights into, future industrial developments for decision-makers in government, labour and industry concerned with policies that affected industrial structure. In this connexion, he said that the secretariat report entitled "Intra-industry trade and international sub-contracting" (TD/B/805/Supp.2) should be viewed as a complement to the case study approach. It would seem that international subcontracting and similar arrangements had considerable potential as a means of enabling developing countries to participate in intra-industry trade with the developed countries.

209. The spokesman for the Group of 77 said that, although a good deal of attention had been focused on protectionism in recent years, very little had been done in concrete terms to combat the problem. Even though protectionism had been generally affecting the trade of all countries, it was against the exports of the developing countries - both manufactured goods and agricultural products - that the trade - restrictive measures were being increasingly applied. Because of their inability to diversify their products, the developing countries depended upon a very few export products for expanding their export earnings and it was precisely those sectors which were coming under increasing curbs in the developed countries. The Group of 77 expressed its grave concern at the intensification and expansion of restrictive measures in the developed countries which had hamstrung the exports of developing countries and posed a serious threat to their economies.

210. Referring to the manufacturing sector, he said that if the developing countries were to attain the target of a 25 per cent share in world industrial production by

the year 2000, as agreed upon in the Lima Declaration and Plan of Action, and a corresponding share of 30 per cent of world trade in manufactures, both the production and exports of the developing countries would have to expand faster. In spite of an expansion of manufactured exports of developing countries, they had accounted for a share of only 8.36 per cent of world exports in 1978. A large number of developing countries still depended largely on agricultural products for their exports. Unless those trade and economic policies in the industrialized countries that inhibited growth of production and exports from developing countries in the sectors where the latter had a potential advantage were modified, and unless conscious efforts were made to encourage the production and exports of developing countries, the economic development of the developing countries would remain uncertain.

211. He considered that the major argument often advanced in justification of protectionist policies - namely, the need for job protection - could not be sustained. Studies by the ILO had indicated that total elimination of trade barriers on imports from developing countries would cause only a 1.5 per cent decrease in manufacturing employment in developed countries over a 5 to 10 year period, whereas the annual displacement of labour as a result of technological change amounted to 3 to 4 per cent.

212. He said that both developed and developing countries had a common interest in overcoming protectionism. The exports of manufactures from developed market-economy countries to developing countries in 1978 alone had amounted to about \$170 billion, or 25 per cent of their total exports to the world of these products. In contrast, trade in the opposite direction had amounted to only \$43 billion. The sizeable market provided by developing countries for the products of developed countries had been a significant factor in helping the latter in the recessionary period since 1973. If the developed countries agreed to contain protectionism and liberalize trade in products of interest to the developing countries, they would not only be helping to stimulate the development process of the developing countries but would also be helping themselves to tide over the recessionary situation that continued to afflict them.

213. In labour-intensive and low-technology items the developing countries were beginning to be competitors and important exporters, and the emerging comparative advantage in their favour had to be responded to through appropriate structural changes so as to derive the maximum benefit from the international division of labour. Structural adjustment was the durable solution to the protectionist pressures. Trade-restrictive measures would only obstruct the process of structural adjustment and adversely affect the expansion of world trade and production. In past discussions everyone had condemned protectionism and there was no disagreement on the need for adopting appropriate structural adjustment measures. Conference resolution 131 (V) had reaffirmed the importance of structural adjustment for the containment of protectionism, for an effective division of labour, and for the development objectives of the developing countries, but so far the question of a concrete plan of action to deal with the problem had not been seriously addressed, in spite of the common objectives that were shared by all.

214. The Group of 77 regretted that, despite the commitment undertaken by the developed countries in regard to the observance of the standstill provisions, several new restrictions continued to be applied against imports from developing countries. The Group of 77 wished to reiterate that the standstill provisions must be strictly adhered to. Where departures from the standstill provisions could not

be avoided for compelling and unforeseen reasons, such departures should be subject to consultations, multilateral surveillance and compensation in accordance with the internationally agreed criteria and procedures.

215. Some of the barriers to trade maintained by the developed countries on imports from developing countries had continued for so long that they appeared to have become part of the international trading system. Removal of such barriers to trade must receive priority attention. It should be possible to work out modalities for phasing out those barriers within a time-bound programme.

216. In considering policy measures to deal with protectionism, it was important to go to the root of the matter and to deal with the underlying structural problems. The Group of 77 believed that, for a meaningful dialogue on structural adjustment to take place, it was necessary first to work out and establish a framework of negotiations and then to hold consultations on the problems and possibilities for structural adjustment in specific sectors.

217. The spokesman for Group B said that his Group agreed with the view expressed by the Secretary-General of UNCTAD in his opening statement to the Board that protectionism and structural adjustment constituted one of the four priority areas for consideration at the present session. The countries in his Group had studied the secretariat report entitled "Structural adjustment related to trade: issues and policies" (TD/B/805) with great interest and felt that it was a thoughtful and useful piece of work, even if they did not necessarily agree with all the assessments and conclusions therein. He agreed that there was a continuing and growing need to pursue positive adjustment policies. His Group's position in this respect had been clearly expressed in the conclusions of the OECD Council held at ministerial level in 1978, which were extensively reported in the secretariat report, and on many other occasions. A major problem with the secretariat report, however, was that it tended to minimize the significance of the structural changes in production and trade in manufactures that had actually taken place over the years and continued to take place. An illustration of these changes was contained in the factual section of the report, from which it appeared that real growth in manufacturing production had been 1.4 times higher in the developing countries than in the developed market-economy countries in the period from 1960 to 1977. Developing countries' exports in manufactures had grown in the same period by 11 per cent per year in terms of volume, which was more than the world average of 8.8 per cent. The developing countries' share in world trade in manufactures had grown considerably over the same period and the proportion of manufactures in the exports of developing countries had risen from 14 per cent in 1960 to 23 per cent in 1978.

218. There was no cause for complacency about these developments, however, particularly in view of the fact that the advantages resulting from the structural changes in world production and trade were distributed very unevenly among the developing countries. A dialogue in UNCTAD on facilitating structural adjustment was therefore appropriate. In this connexion, he noted that the industrial exports of developing countries to the socialist countries of Eastern Europe members of Group D remained at an extremely low level. Group B agreed with the view expressed in the secretariat report that the latter countries had not contributed to the extent expected to the growth of industrial exports of developing countries. He also noted from the report that trade in manufactures among developing countries in recent years had stagnated or even slightly declined in relative terms, and said that his Group would welcome efforts to reverse this trend.

219. With respect to the problem of protectionism, which was closely linked to the question of structural adjustment, he noted that, although there was general agreement on the negative aspects of protectionism, assessments of the present scope and impact of protectionism differed. While it must be admitted that protectionist measures existed in a number of countries in these economically difficult times, Group B could not subscribe to the view that present-day trade policy among the developed countries was characterized by a pervasive trend towards protectionism. In fact, the OECD countries had agreed at their ministerial meeting in June 1980 to a Declaration on Trade Policy, covering both industry and agriculture, in which they had declared their determination to avoid restrictive measures in trade. Group B thought it should be recognized that, during a period of unprecedented economic difficulties and widespread unemployment in the developed countries, it had essentially been possible to maintain the open trading system that had been developed in the years following the Second World War. Moreover, it had been possible to conclude the most comprehensive round of trade negotiations ever undertaken in GATT. In Group B's view, the secretariat greatly underestimated the potential role of the agreements reached in the multilateral trade negotiations and the machinery now set up in GATT for their implementation. The fact that several developing countries had acceded to those agreements would help to make the implementation machinery an effective weapon in the fight against protectionism. That effect would be further strengthened by a maximum possible adherence to the agreements by developing countries.

220. He added that a committee had been established in GATT to pursue the safeguards negotiations and GATT had responded to the invitation contained in Conference resolution 131 (V) to establish a body for the examination of future protectionist action against imports from the developing countries. He recalled that the significance of the GATT work programme adopted in 1979 was that it aimed essentially at maintaining and strengthening the open trading system. Finally, referring to the respective roles of UNCTAD and GATT in the trade field, he said it was Group B's expectation that the efforts of those two bodies would be mutually supportive and not unnecessarily duplicative.

221. The representative of China, stressing the importance of the issues, said that in recent years the developed countries had intensified their protectionist measures, which impeded the normal development of international trade. The developing countries were naturally concerned to find that their exports of certain traditional products were seriously affected and that their export earnings had fallen. The continuous expansion of exports of the developing countries was of great importance to their industrialization, the diversification of their economies, and their rapid economic development. At present, the developing countries had only a small share of the world trade in manufactures, and that share was distributed unevenly among the various developing countries. The volume of exports from most developing countries was either very small or nil. Yet even the export of this small volume was restricted by the developed countries. Exports of agricultural and processed products from the developing countries were also restricted. At the same time, the developing countries were major markets for the exports of manufactures from the developed countries. While the total volume of the developing countries' imports of manufactures from the developed countries was gradually increasing, their small volume of exports of processed products and manufactures was subject to more and more restrictions. This had placed the developing countries in an extremely unfavourable position in world trade in manufactures - a situation which not only affected their economic development but also impaired their ability to pay for imports of manufactures from developed countries.

222. Accordingly, China considered that the international community should take effective measures to put an end to protectionism and try to reform the present unreasonable and unjust economic structures. The developed countries should implement fully and adhere strictly to the standstill provisions they had accepted, and a time frame should be set for phasing out the restrictive measures that hindered the exports of developing countries, especially the discriminatory restrictive measures, so that the products of the developing countries could gain access to markets and their industrial development in the area of processed products and manufactures could be accelerated. China was of the view that a halt to protectionism and further progress for developing countries were not only in the interest of the developing countries, but also conducive to the better growth of the world economy. The developed countries should therefore adopt a positive attitude and take appropriate practical measures.

223. In conclusion, he said that the Board and its subsidiary organs should strengthen their monitoring functions with regard to trade-restrictive measures, as well as study and work out measures to weaken and eliminate protectionism. The Board should also put forward proposals and recommendations on structural adjustment through its annual review on world production and trade patterns with a view to solving the problem of protectionism.

224. The spokesman for Group D said that the countries of his Group were deeply worried about the increase and intensification of protectionist measures, because these measures seriously affected their export interests, restricted their access possibilities, and threatened international trade as a whole. Group D was concerned not only at the growth in the number of protectionist measures taken but also at the increasingly sophisticated forms of such measures. On the one hand, otherwise legitimate trade policy instruments such as anti-dumping and countervailing procedures had been abused for purely protectionist purposes; on the other hand, there had been a spread of such measures as orderly marketing arrangements and voluntary export restraints, which were used outside the scope of application of the basic trade policy rules. Group D noted also with a certain concern that political considerations were playing an ever-growing role in motivating protectionist measures and the discriminatory elements of these measures were on the increase.

225. Group D was of the view that, by Conference resolution 131 (V), UNCTAD had made a promising step in the right direction. The task before the Board was to seek ways and means to implement the recommendations of that resolution. Group D considered that UNCTAD activities should be further intensified and extended to all the aspects of the problem of protectionism as it related to trade in manufactures and trade in basic commodities, including the agricultural sector. In this exercise, due account should be taken of the fact that protectionism was a general problem that called for general solutions. It was the firm belief of his Group that partial approaches would not lead very far.

226. Finally, responding to a reference made by the spokesman for Group B to the low share occupied by the markets of the socialist countries of Eastern Europe members of Group D in the exports of the developing countries in manufactures and semi-manufactures, he recalled the reply which the Group D countries had already made on this very point at the fifth session of the Conference (TD(V)/NG.II/CRP.17), namely that two basic considerations were neglected in comparing the figures for trade in manufactures. The first consideration to be borne in mind was of an economic nature. A large or very large part of the exports of manufactures from the

developing countries to the developed market-economy countries was constituted by intra-company transactions of the transnational corporations. The benefit of this particular kind of trade in manufactures to the national economies of the developing countries was highly debatable. The second consideration related to the historical/political aspects of the question. It was only in recent years that the socialist countries of Eastern Europe members of Group D had maintained trade relations with the developing countries, which was in sharp contrast with the long-standing traditional trade links which existed between the majority of the developed market-economy countries and the developing countries. This time factor must be taken into account in evaluating the performance of the Group D countries in this area. Citing the particular case of his own country, he said that in the past 10 years it had trebled its imports of manufactures from developing countries and in the total imports from the developing countries the share of manufactured and semi-manufactured products was about 20 per cent, which he considered to be a fair share in view of the present economic and trade possibilities of his country.

227. The representative of the Union of Soviet Socialist Republics said that the spread of protectionist measures in a number of developed market-economy countries was causing serious damage to economic relations between States and was arousing justified alarm over the immediate prospects for development of the world economy. The new protectionist measures were, inter alia, restricting and placing difficulties in the way of a number of exports from the Soviet Union. Conditions for arranging industrial co-operation and implementing large-scale co-operation projects had deteriorated. Sporadic trade restrictions were widening the gap between declared trade rules and those which were applied in practice; they were leading to the abandonment of agreed trade principles, in particular the most-favoured-nation principle; and they represented a threat to international norms which formed the basis for the establishment of relations on an equal footing. Since the adoption of Conference resolution 131 (V), events had taken place in the development of international trade which demanded fresh initiatives on the part of UNCTAD and a shift from general discussion to more concrete action against the spread of protectionist measures. In 1979, and during the first three quarters of 1980, there had been an increased and more discriminatory application of such measures. A greater number of goods had been affected and the range of such goods had become more varied. Research done at certain national institutes in Western countries and by international organizations showed that the growth of protectionist trends was due not only to cyclical but also to structural factors, and indicated that such trends in the developed market-economy countries would probably become more intensive in the first half of the 1980s than in the preceding decade.

228. Referring to the special GATT sub-committee on protectionist measures in respect of developing countries, set up in November 1979, he said that many States which suffered detriment as a result of the growing application of import restrictions did not participate in GATT and could not therefore defend their interests. Moreover, the trade barriers which had become most widespread in the second half of the 1970s did not form part of those regulated by GATT rules, and the new sub-committee proposed to concern itself with only a limited range of traditional protectionist measures.

229. He stated that it would be appropriate to define the contribution which UNCTAD, the most representative international trade organization, should make towards the common struggle against the intensification of protectionist trends. In this connexion, he recalled the detailed joint statement submitted by the socialist

countries at the fifth session of UNCTAD (TD/257) which set forth their position of principle on the question and called for the agreed steps against the spread of protectionist measures. 11/ Some of the proposals from the joint declaration had found reflection in Conference resolution 131 (V), which could be regarded as a first and necessary step in the struggle against the intensification of protectionist trends.

230. He considered that, in the struggle against protectionism, UNCTAD's task should consist in activating and co-ordinating the struggle and thereby raising it to a higher level. The following elements of a programme of action within the framework of UNCTAD could provide the necessary fresh impulse for anti-protectionist activity at the world level: first, the struggle against the spread of protectionist measures adopted by a number of market-economy countries should be directed to all mutually-connected flows of international trade, since to confine the struggle to only one of those flows would encourage the application of such measures to other trade flows. The result would be greater arbitrariness, inequality and discrimination on the world market. Secondly, there should be a mobilization of forces, in particular against the most widely and discriminatorily used measures that were not regulated by existing standards of international law. As an example of such protectionist methods he mentioned so-called "voluntary export restraints" in all their multiple forms. The third element would be a concretization of the most urgent tasks of anti-protectionist activity within the framework of the general international strategy for development in the 1980s, with a view to a more purpose-oriented elaboration of measures against the growth of restrictions in international trade. As an example, he pointed to the need to investigate the growth of so-called anti-dumping procedures, which often reflected a deliberately biased attitude on the part of their initiators, especially in cases where accusations of dumping were levelled simultaneously at all suppliers of the same category of goods from one group of countries and where the basis for comparison of prices, arbitrarily selected to confirm the accusation, was the one most favourable to the importing country. In order to carry out such an extensive and important programme of action in UNCTAD, it would be necessary to implement as soon as possible the recommendation contained in Conference resolution 131 (V) concerning the compilation of an inventory of spreading protectionist measures in recent years, and also to work out objective criteria and methods for assessment and comparison - in other words, to undertake a series of fundamental concrete research projects on the growth, causes and consequences of protectionist measures and on ways of overcoming the continuing unfavourable trend in trade policy.

231. In conclusion, he said that his country, like other socialist countries, adopted a positive attitude towards the structural adjustment of the world economy; its position in the matter had been stated in detail, more particularly in the declaration made by the spokesman for Group D. However, in many cases, under the guise of structural adjustment, the large transnational corporations of some developed market-economy countries were fighting the transnational corporations of other such countries for a dominant position in the world economy. The activities of transnational corporations, pursuing above all their own narrowly selfish ends, disorganized internal markets, caused damage to other companies and provoked defensive measures by governments. In the second half of the 1970s

11/ Proceedings of the United Nations Conference on Trade and Development, Fifth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.79.II.D.14), annex VII, B.

"trade wars" had become considerably more frequent and had assumed new forms, giving rise to a continuous series of economic conflicts among the developed market-economy countries themselves. That aspect of the problem should not remain outside UNCTAD's field of vision and efforts to curtail the spread of protectionist measures should be directed not only to problems of structural adjustment of the world economy but also to the establishment of stricter international control over the activities of transnational corporations.

232. At the 3rd meeting of Sessional Committee III, on 19 September, the spokesman for the Group of 77 introduced a draft resolution submitted by Indonesia on behalf of the States members of the Group of 77 (TD/B(XXI)/SC.III/L.1 and Corr.1), drawing attention to a correction that should be made. Commenting on the draft resolution, he said that the Group of 77 had tried to put forward very specific proposals for countering the evils of protectionism and for furthering the cause of structural adjustment. The Group of 77 felt that concrete action was called for, and it was this process which it sought to initiate through the draft resolution.

233. At the 4th meeting of Sessional Committee III, on 22 September, the spokesman for Group B, introducing a draft resolution submitted by Denmark on behalf of the States members of Group B (TD/B(XXI)/SC.III/L.3), said that in view of the difficulties that Group B would see in negotiating solely on the basis of the draft resolution submitted previously by the Group of 77 (TD/B(XXI)/SC.III/L.1 and Corr.1), Group B had felt that it would be useful to present its own draft text on protectionism and structural adjustment. The text submitted by his Group placed emphasis on the need for further studies and proposals by the secretariat for studies, since Group B felt that the report prepared by the secretariat for the present session of the Board could be improved for the purposes of future reviews as called for in Conference resolution 131 (V). In the view of his Group, documents TD/B/805 and Supp.1-3 did not fully meet the requirements of Conference resolution 131 (V) because they concentrated too heavily on the measures and policies of the developed market-economy countries. Group B felt that, if further reviews were to have full value, the secretariat should also deal in depth in its documentation with the policies of the developing countries regarding protectionism and structural adjustment. The documentation could also deal more extensively with the policies and measures of the socialist countries of Eastern Europe. One particular concern regarding the secretariat documentation was that it did not clearly distinguish between threats of protectionism and actual protectionist measures. That distinction was important because there were frequently instances where investigations in industrialized countries led to requests for protectionist measures being dismissed by the authorities. Group B had also found a number of inaccuracies in the compilation of restrictive measures taken and omissions as far as action on liberalization was concerned. Individual members of his Group would probably contact the secretariat directly in this connexion. Finally, he reiterated the view of Group B that such trade measures as countervailing and anti-dumping duties did not in themselves constitute protectionism when the requirements for such action were fulfilled.

234. At its 5th (concluding) meeting, on 24 September, Sessional Committee III decided to continue within the Sessional Committee the informal consultations on the two draft resolutions submitted and agreed that the final result of the informal consultations would be reported directly to the Board in plenary.

Consideration in plenary

235. At the 544th meeting, on 27 September 1980, the Chairman of Sessional Committee III, reporting on the informal consultations, stated that, in the absence of agreement on the two draft resolutions, it was the consensus that they should be annexed to the report of the Board and that the issue should be considered again at the twenty-second session.

Action by the Board

236. At the same meeting the Board agreed that draft resolutions TD/B(XXI)/SC.III/L.1 and Corr.1 and TD/B(XXI)/SC.III/L.3 should be annexed to its report for further consideration at the twenty-second session (for the texts of the two draft resolutions, see annex II).

237. The spokesman for the Group of 77 said that his Group was disappointed that the draft resolution submitted by his Group could not be adopted because of the lack of an adequate response from developed market-economy countries. The draft resolution was an endeavour to move towards concrete measures to combat protectionism and to facilitate structural adjustment so that the objectives sought and the commitments undertaken by all States members of UNCTAD under Conference resolution 131 (V) could be fulfilled. During the course of the negotiations on the draft, the Group of 77 had made considerable efforts to close the wide divergence between their initial position and that of Group B by showing willingness to agree to compromise texts. Group D and China had also shown a co-operative attitude, but Group B had not shown the least movement. The reluctance of Group B to take effective measures to implement resolution 131 (V) in the near future had been disappointing.

238. The Group of 77 had also been deeply concerned at the attempts being made to deflect attention from the spirit of Conference resolution 131 (V). It had been surprised to hear arguments that protectionist measures were adopted by developing countries also. It had also been told by some of the developed market-economy countries that structural adjustment had relevance for all countries and that measures in this regard were not to be taken by developed countries alone. Such arguments ignored the realities of the wide gulf that existed between the stages of economic growth reached by developed countries on the one hand and developing countries on the other.

239. It was well-known that import restrictions in developing countries were applied because of balance-of-payment difficulties or the need to protect their infant industries. Such restrictions were therefore not only justified but also had been accepted by the international community. It was also a fact that, in spite of the balance-of-payments difficulties of most developing countries, they had been absorbing increasing amounts of imports from the developed countries to meet their developmental needs. It was therefore not meaningful to talk of protectionism in developing countries, and any such move was an attempt to shift the focus of attention from the real problem.

240. He stressed that developing countries, which accounted for almost two-thirds of the world population, had a share of only 8.8 per cent in the world production of manufactures and 8.3 per cent in the world exports of manufactures in 1978. What was even more disturbing was that the world economic system was not moving towards correcting the imbalance and bringing about greater equity.

241. In spite of the staggering imbalance, the international community had yet to respond effectively in concrete terms to improve the situation. The increasing protectionism in the developed countries would further aggravate the imbalance and inequity. The inability of the developed countries to facilitate structural adjustment was rendering the process of industrialization and development in the developing countries more difficult. Developed countries had to show the necessary political will for participation in the process of removing inequity by making a conscious effort to facilitate structural adjustment and to eliminate protectionist measures. While the system of a free market economy was taken as an excuse for the inability of governments to take any action, the same handicap was not noticed at all when it came to taking regulatory measures in trade which curbed imports from developing countries.

242. It was in that perspective that the need for action on Conference resolution 131 (V) had to be seen. Developed countries were committed to implementing fully and adhering strictly to standstill provisions and to moving towards the reduction and elimination of quantitative restrictions and measures having similar effect, particularly in relation to products exported by the developing countries. Those commitments were yet to be fulfilled.

243. If he had elaborated on resolution 131 (V), it was to underline that there was no ambiguity about that resolution with regard to obligations that devolved on developed countries in respect of protectionism and structural adjustment. There was a noticeable hesitation among the countries members of Group B even to prepare for the implementation of a programme of action for structural adjustment and for the elimination of protectionism, as called for in the resolution. Though it had not been possible at this session to adopt a resolution on this subject, it was the hope of the Group of 77 that during the discussion on it at the next session of the Board there would be a greater awareness of the problems he had referred to and of the need for urgent and concrete action.

244. The spokesman for Group B said that what she was about to say was not what she had hoped to say at the closing meeting of the session. Group B had entered discussions with the hope that their closing statement would have been able to welcome the agreement by all States to steps which would have set in motion the programme of action to which all had agreed in Conference resolution 131 (V). Throughout the present session Group B had sought to work in a positive and constructive manner towards giving form to the understanding reached at Manila. That it had not been possible to give form to the understanding was a very real disappointment to the members of the Group.

245. The common problem for all groups was that the issues dealt with in resolution 131 (V) were complex and difficult. There was no appreciation of them which was yet common to all countries. The agreement reached at Manila had thus been a major achievement, and Group B would continue to seek to find common ground at the next session of the Board on the basis of that resolution.

246. From the discussions and efforts to find a solution, Group B had the impression that pathways were beginning to open up. It regretted that no agreement had been reached, all the more so since they had been quite close to agreement at the end. With more discussion and a fuller exchange of views it might have been possible to reach agreement at the present session. Group B hoped that the Board would be able to build upon the start made, in order to arrive at an understanding at the next session of the Board.

247. The spokesman for Group D, speaking also on behalf of Mongolia, expressed the serious concern of those countries at the absence of any real progress in implementing Conference resolution 131 (V), which was a very important one. At a time when the recourse to protectionist measures that affected the vital interests of all participants in international trade was becoming more prevalent in the developed capitalist countries, UNCTAD, whose sphere of competence directly presupposed the elaboration of measures to combat obstacles to trade, found itself deprived of the chance of making its contribution to the solution of either the urgent problems created by the growth of protectionism or the problems of structural adjustment.

248. The countries for which he spoke had been prepared to take a decision at the present session on the basis of the proposals advanced by the Group of 77. However, it had proved impossible to make progress on this matter during the session because of the attitude of the delegations of Group B countries. It was imperative that, at the Board's next session, a way be found out of the deadlock on the questions of protectionism and structural adjustment within UNCTAD and that there should be movement in this important sphere of work from general discussions to concrete action.

G. Conference decision 132 (V)

(Multilateral trade negotiations)

Consideration in Sessional Committee I

249. The representative of the Secretary-General of UNCTAD in his introductory statement pointed out that the report prepared by the Secretary-General of UNCTAD (TD/B/778 and Corr.1 and Add.1 and Add.1 (Summary) and Corr.1) and the supplementary report by the Director-General of GATT on the Tokyo Round of Multilateral Trade Negotiations had been circulated to the members of the Board (the latter under cover of TD/B/788) for some time previously. The report by the Secretary-General of UNCTAD had been introduced in some detail during the twentieth session of the Board and again at the ninth session of the Committee on Manufactures and some preliminary discussion had also taken place on the basis of the reports. He further pointed out that those discussions had revealed that, in the view of the members of the Group of 77, the over-all results of the multilateral trade negotiations (MTN) had fallen far short of their expectations when seen in the context of the Tokyo Declaration. ^{12/} They had felt particularly disappointed over the lack of agreements on safeguards to which they attached special importance, and on quantitative restrictions, as well as over limited concessions on tropical products, continued escalation of tariff régimes, erosion of benefits under the generalized system of preferences, etc. They would therefore like intensive and urgent efforts to be made to fulfil the objectives of the Tokyo Declaration, particularly as they related to the developing countries.

250. Group B countries, on the other hand, had expressed the view that while no one was completely satisfied with the results of the MTN, they nevertheless represented an important landmark in the efforts to maintain and improve the system of open world trade and, on balance, therefore, the results had been quite satisfactory, particularly when one recalled the comprehensive and complex nature of the negotiations conducted in a persistently unfavourable economic environment. They had stressed the need for all countries to join the new agreements to make them a success.

^{12/} General Agreement on Tariffs and Trade, Basic Instruments and Selected Documents, Twentieth Supplement (Sales No. GATT/1974-1), p. 19.

251. He suggested that, while the Board might usefully analyse each element of the results of the MTN, it would seem that the real implications could be evaluated only on the basis of their implementation. All agreements on non-tariff measures, except on government procurement and customs valuation (the United States of America and the European Economic Community had implemented the latter agreement also), had come into operation. The arrangements on bovine meat and on dairy products had also been enforced. Similarly, tariff reductions had been implemented as agreed. The number of developing countries which had adhered to the various agreements still remained insignificant. However, a number of them had been attending, as observers, the meetings of the various committees established under the MTN agreements.

252. The Board, in its decision 214 (XX) had requested the competent committees of UNCTAD to examine, within their competence, developments in international trade arising from the implementation of the results of the MTN, in particular its impact on the trade of developing countries, taking into account the need to further the interests of those countries.

253. He pointed out that an important issue in connexion with the implementation of the MTN results was whether these agreements would be applied on a most-favoured-nation basis. The wording of the agreements would seem to indicate that the benefits flowing from them would accrue only to the parties to the agreements. The Contracting Parties, on the other hand, had noted at their thirty-fifth session, held in November 1979, that the existing rights and benefits under the GATT of contracting parties not being parties to those agreements were not affected by those agreements. The effectiveness of that decision, which apparently contradicted the "conditional" provisions of the agreements and some national legislations implementing the MTN results, would be known only as and when specific issues arose.

254. He further recalled that in its agreed conclusions, the Committee on Manufactures, at its recently concluded ninth session, had urged all countries concerned to work, through a spirit of flexibility, towards achieving the goal of maximum possible participation in the MTN codes and agreements, in particular by facilitating accession by developing countries and by ensuring the proper implementation of codes and agreements in letter and spirit. In this connexion, the Committee had also confirmed the importance of the most-favoured-nation principle. The Committee had stressed the importance of ensuring maximum possible transparency in the working of the Committees/Councils which were responsible for the detailed implementation of the individual codes and agreements. The Committee had further urged all countries concerned to work on a priority basis in areas of interest in particular to developing countries, already identified in the GATT work programme. The Committee had particularly emphasized the importance of the implementation of the work programme of the GATT Committee on Trade and Development in giving momentum to trade liberalization in the post-MTN period. In pursuing this work, special attention would be given to the problems of the least developed countries.

255. He stressed that faithful implementation of the results of the MTN, both in letter and in spirit, particularly the provisions relating to the differential and more-favourable treatment for the developing countries and continued, intensive and sincere efforts at resolving the outstanding issues of particular interest to the developing countries, as already identified, such as safeguards, would seem to be the twin objectives to be vigorously pursued by all concerned in a co-operative and understanding spirit. The UNCTAD secretariat, for its part, would, in accordance

with Board decision 214 (XX), continue to follow closely the work in GATT in the post-MTN framework and assist developing countries in the consultations and negotiations on unresolved and outstanding issues.

256. The spokesman for Group D stated that the position of his Group in respect of the multilateral trade negotiations, as expressed at the ninth session of the Committee on Manufactures and at the nineteenth and twentieth sessions of the Trade and Development Board, remained valid. He stressed that the present state of international trade required the intensification of UNCTAD's activities in examining current trade policy problems, *inter alia*, measures aimed at the arrest of the growth of protectionism, the discriminatory application of trade barriers, new forms of international trade restrictions, and the implementation and interpretation of new rules which had come into being as a result of the multilateral trade negotiations.

257. He pointed out that although the report by the Secretary-General of UNCTAD contained some important information, it had been prepared almost half a year earlier and did not reflect the latest developments concerning the implementation of MTN agreements since January 1980. It was therefore UNCTAD's task to continue the evaluation of the MTN agreements and their implementation in the interests of all participants in international trade, especially because the process of elaboration and adoption of national legislation was still going on in countries which had become parties to the agreements. Such an evaluation should give answers to the question of how the implementation of the MTN agreements by a number of countries would influence the trade interests of all countries and all trade flows; whether it would lead to an erosion of the most-favoured-nation principle and to increased discrimination and selectivity in international trade; and whether the agreements might not be used by some countries to further their own interest rather than the interest of the liberalization of trade and creation of a favourable trade climate for its expansion. He hoped that the secretariat would provide answers to these questions in any further documentation it prepared.

258. He further stated that the first steps in the implementation of the MTN agreements and subsequent developments in national legislation in signatory countries supported the approach of the countries of Group D in the evaluation of the MTN as set out in their joint statement at the fifth session of UNCTAD and at the nineteenth and twentieth sessions of the Board. There was a danger that, in the process of the implementation of the MTN agreements and in the course of the work of the new committees, the decisions taken by the limited number of signatories would divert the MTN agreements further from the goals of the Tokyo Declaration. He stressed that the implementation of the MTN agreements should not lead to the erosion of the MTN principle. He therefore suggested that UNCTAD should focus its attention on the implementation of the agreements and on the work of the new MTN committees on a universal basis. He further suggested that this activity should become one of the main directions of UNCTAD's future work and that further evaluation of the MTN should remain an agenda item of future regular sessions of the Board and of the relevant committees. The protectionist measures of the developed market-economy countries, in, *inter alia*, the agricultural sector had not been reduced as a result of the MTN. In conclusion, he stressed that decisions 201 (XIX) and 214 (XX) should be implemented from the standpoint of all participants in international trade.

259. The spokesman for Group B pointed out that decision 214 (XX) requested "the competent committees of UNCTAD to examine ... developments in international trade

arising from the implementation of the results of the multilateral trade negotiations". His Group believed that part of that exercise had been completed since the Committee on Manufactures had undertaken its examination. The exercise would be completed when the other competent Committee - the Committee on Commodities - had undertaken its review in the weeks following the Board. He saw no need to reiterate the views of Group B countries on this subject, which had already been expressed in detail, whether individually or as a group, in statements at earlier sessions of the Board.

260. It was a very positive sign that several developing countries were already participating in the MTN codes and agreements. His Group believed that the widest possible participation in these codes and agreements was desirable for the world trading system. The countries of Group B remained committed to work on a priority basis in areas of interest in particular to developing countries already identified in the GATT work programme.

261. In conclusion, he agreed that developments in international trade arising from the implementation of the results of the MTN, in particular the impact on the trade of developing countries and the need to further their interest, should be kept under regular review in the appropriate forums.

262. The representative of China pointed out that, although his country had not taken part in the MTN, it was concerned with the results of the negotiations. The outcome of the negotiations had brought positive results in some areas and a lack of agreement in others, such as safeguards, tropical products and quantitative restrictions. He stated that some of the MTN agreements in the area of non-tariff barriers were to be operated on a bilateral basis, which was a clear deviation from the most-favoured-nation principle; the most-favoured-nation principle should be observed and the MTN agreements should be implemented on a most-favoured-nation basis. He further stressed that the multilateral safeguard code under negotiation should provide for more strict discipline and equitable rules for its application, that the generalized system of preferences should be improved and that measures should be taken to reduce or eliminate quantitative restrictions and other non-tariff barriers. In conclusion, he stated that UNCTAD and its subsidiary bodies should continue the evaluation of the MTN.

263. The spokesman for the Group of 77 introduced draft resolution TD/B(XXI)/SC.I/L.3 on the multilateral trade negotiations which had been submitted by Indonesia on behalf of the States members of the Group of 77.

264. The spokesman for Group B pointed out that, at its ninth session, the Committee on Manufactures had adopted agreed conclusions on the MTN. The countries of Group B had endorsed these conclusions and were willing to do so again at the current session. Those conclusions had been agreed upon after considerable debate and he stressed that his Group saw no point in opening negotiations on the issue at the current session of the Board. He expressed doubts that these issues or the basis for consensus on them had changed in the last two months. He further pointed out that the position of his Group was that this exercise had been partly completed in the Committee on Manufactures and would be completed when the other competent Committee, the Committee on Commodities, undertook the review in the weeks following the current session of the Board. He also recalled that Group B had stated that it agreed that the developments in international trade arising from the implementation of the results of the MTN, in particular the impact on the trade of developing countries and the need to further their interest, would be kept under regular review in the appropriate forum.

265. The spokesman for Group D said that his Group had examined with great interest the draft resolution submitted by the Group of 77 and had found that on the whole it reflected the main issues outstanding in connexion with the results of the MTN and their implementation. His Group considered that this work had not been concluded and it should be continued on a regular basis as was in fact stated in paragraph 1 of the agreed conclusions of the Committees on Manufactures, where the Committee had agreed to examine developments in international trade arising from the implementation of the results of the MTN. He further stated that his Group would like to have a reference to the continuation of this work reflected in the resolution to be adopted by the Board on the proposal of the Sessional Committee. He stressed that the acute outstanding issues that had not been resolved in the MTN, which were stated in the draft resolution, would be of great interest to many countries of Group D and other countries and that his Group would like to abide in operative paragraph 3 of the draft resolution by the text accepted in paragraph 3 of the agreed conclusions of the Committee on Manufactures. In conclusion, he said that the draft resolution was an important step for strengthening the work on the evaluation of the MTN, which should be a separate issue in the future work both of the Board and of the Committee on Manufactures and the Committee on Commodities.

266. The representative of China said that his delegation had studied the draft resolution submitted by the Group of 77 and noted that it reflected the concerns of different parties in the MTN. He expressed the hope that negotiations would be continued in unresolved areas. He pointed out that the agreed conclusions of the Committee on Manufactures and the draft resolution now before the Board were basically the same, and supported the proposals submitted by the Group of 77 for discussion.

Consideration in plenary

Action by the Board

267. At its 544th meeting, on 27 September 1980, the Board noted that it had not been possible to reach agreement in Sessional Committee I, one of the factors being a lack of time, and decided, bearing in mind Board resolution 214 (XIX), to deal further with the question of multilateral trade negotiations at its twenty-second session (see annex I, Other decisions (e)).

268. The spokesman for the Group of 77 said that the draft resolution symbolized an initiative taken by his Group in the context of Conference decision 132 (V), calling upon the Board to make a global evaluation of the multilateral trade negotiations. He regretted that it had not been possible to adopt a resolution on this subject. The disappointment of developing countries with regard to the results of those negotiations was too well known to require repetition. Although the individual agreements and tariff concessions exchanged in the Tokyo Round were a modest advance towards the goal of liberalization, they fell far short of the commitments under the Tokyo Declaration, particularly the aim of securing additional benefits for the international trade of developing countries, taking into account their trade, development and financial needs, and their small share in world trade. The concerns expressed by his Group at Manila thus remained largely unaccommodated. Even though the negotiations had been concluded, he hoped and expected that implementation of their results would be reinforced, strengthened and expanded to meet the crucial concerns of developing countries, so that they could together create a trading system more responsive to the needs of the developing countries.

269. In the post-Tokyo round period, the area of work which first and foremost required priority attention from all was the task of ensuring the proper and effective implementation of the MTN agreements, in letter and in spirit, so that whatever achievements had been made, meagre as they were, could be preserved, particularly when they pertained to modest special and differential treatment for developing countries.

270. As regards participation by developing countries, he noted that in crucial areas, like the right of developing countries to use export and other subsidies to diversify their economies, in order to achieve their socio-economic objectives of development and to overcome the structural disadvantages from which their economies and export sectors suffered, such right, though preserved in the relevant MTN agreements, had already tended to be affected through arbitrary and unilateral action in some quarters outside the scope of the agreement itself. It seemed somewhat anomalous that, while the developed countries spoke of maximum participation by the developing countries in the agreements, one developed country had announced a policy decision whereby it would not extend to developing country signatories the benefits of one of the agreements unless they undertook obligations additional to what the agreement enjoined. Attempts had been made to obtain such commitments from a number of developing countries and in this process the measures adopted had already seriously affected the exports of those countries in some sectors. The Group of 77 deeply regretted this development.

271. He added that the other priority areas in the post-MTN period were also well known. It was essential that negotiations in these areas should commence, on the basis of an agreed time frame, so that the momentum of trade liberalization was sustained and increased. The areas already agreed in the programme of work were tropical products, agricultural products, quantitative restrictions, tariff escalation, advance implementation of tariff cuts wherever appropriate, structural adjustment, and others. It was also essential that negotiations pertaining to a multilateral safeguards system be concluded as soon as possible, so as to lend greater discipline, objectivity, transparency and better surveillance to the international trading system, to further trade liberalization and pursue its results, and to provide smooth structural transformation in such a way as to enable the developing countries to develop and diversify their economies.

272. The Group of 77 also expected that the rules of world trade would take into account the need for an accelerated growth of trade of the developing countries so as to move forward towards bridging the gulf between the developing and the developed world.

273. The spokesman for Group D, speaking also on behalf of Mongolia, pointed out that the socialist countries had often expressed their attitude on the importance of UNCTAD's role and task in connexion with an evaluation of the multilateral trade negotiations, which should take into consideration the interests of all participants in international trade. The socialist countries would have been ready to vote in favour of the draft resolution submitted on behalf of the Group of 77 and were greatly disappointed at the position of those countries which had blocked its adoption. The countries of his Group intended making the necessary effort in order to ensure that UNCTAD would have the possibility of continuing its fruitful work on the evaluation of the multilateral trade negotiations.

274. The spokesman for Group B said that he would not comment on the substance of developments resulting from the multilateral trade negotiations since the views of

his Group had been made known at previous sessions of the Board, as well as in Sessional Committee I of the current session and at the recently held ninth session of the Committee on Manufactures. Those views were already on record. Indeed, it was only a few weeks ago that the Committee on Manufactures had negotiated and adopted agreed conclusions as part of the exercise arising from Trade and Development Board decision 214 (XX). The exercise would be completed when the other competent committee - the Committee on Commodities - had undertaken its review immediately after the current Board session. Group B believed that the agreed conclusions reached in the Committee on Manufactures were balanced and accurately reflected their assessment of the current situation in that area. They were therefore disappointed that it had not been possible at this session of the Board to agree on a resolution on the basis of those agreed conclusions.

- H. Matters remitted to the permanent machinery of UNCTAD:
draft resolution TD/L.195 entitled "Transnational
corporations and international commodity trade"

Consideration in Sessional Committee I

275. The Chairman recalled that this draft resolution had been remitted by the nineteenth and twentieth sessions of the Board.

276. The spokesman for Group D stated that the socialist countries attached special importance to the activities of transnational corporations in the sector of production and foreign trade in commodities of developing countries and for that reason they had submitted draft resolution TD/L.195 at the fifth session of UNCTAD. At the Conference and at the last session of the Board, the developing countries on the whole had expressed the opinion that the adoption of the draft resolution would be in keeping with their interests. The Secretary-General of UNCTAD at the current session had quite rightly and timely drawn attention to the fact that special consideration should be given to the acute problems of the processing and marketing of commodities. The Group D countries had many times indicated that due consideration of the activities of transnational corporations within UNCTAD's work on commodities would facilitate deeper and fuller identification of the existing problems and adoption of effective decisions in this important field.

277. The spokesman for Group B, in reply, recalled that Economic and Social Council resolution 1913 (LVII) stated that the Commission on Transnational Corporations would assist the Economic and Social Council in fulfilling its responsibilities in the field of transnational corporations by acting as the forum for the comprehensive and in-depth consideration of issues relating to transnational corporations. He felt that the main responsibility in dealing with transnational corporations, which could be private, co-operative or State-owned enterprises, lay with the Commission on Transnational Corporations and that this question should be referred to that Commission through the Economic and Social Council. The matter had already been discussed at the twentieth session of the Board and his Group had not changed its conviction since then. It disagreed with Group D that the issue should be referred to the Committee on Commodities.

Consideration in plenary

Action by the Board

278. At its 544th meeting, on 27 September 1980, the Board decided, upon the proposal of the President, to remit the consideration of the draft resolution entitled "Transnational corporations and international commodity trade" (TD/L.195) to its twenty-second session (see annex II).

CHAPTER IV

IMPLEMENTATION OF TRADE AND DEVELOPMENT BOARD RESOLUTION 165 (S-IX) ON THE DEBT AND DEVELOPMENT PROBLEMS OF DEVELOPING COUNTRIES

(Agenda item 5)

279. For the consideration of this item the Board had before it pursuant to its decision 209 (XX), the draft resolution on debt problems of developing countries (TD/L.196) which had been submitted by the Group of 77 at the fifth session of UNCTAD and the report of the Intergovernmental Group of Experts on Debt and Development Problems of Developing Countries, which met in October 1978 (TD/B/730). In addition, a note by the UNCTAD secretariat (TD/B/810 and Corr.1 and Add.1) contained the substance of replies received to a questionnaire addressed by the Secretary-General of UNCTAD to donor countries on debt relief measures taken pursuant to Board resolution 165 (S-IX).

280. The representative of the Secretary-General of UNCTAD stated that decision 209 (XX) of the Board called for a thorough analysis of the action taken under section A of resolution 165 (S-IX). However, in view of the lateness of the replies received, the secretariat had been unable to prepare a comprehensive report for the present session. It hoped to be able to do so for the next session of the Board. In addition, the secretariat would make available to the Board the results of the consultations initiated by the Secretary-General of UNCTAD.

281. The spokesman for the Group of 77 emphasized that the debt problems of developing countries had been a matter of growing concern for several years, as had been highlighted by the focus on these problems in current discussions in international financial circles. The total external indebtedness of developing countries, which stood at \$87 billion in 1971, had soared to \$451 billion in 1980, and debt-service had increased from an annual figure of \$11 billion to \$88 billion during the same period. The present international economic situation had led to the deterioration of economic conditions in many developing countries, for whom declining terms of trade, poor export prospects and growing protectionism in developed countries were expected to lead to even wider payments deficits. The level of concessional financial flows had either stagnated or declined, and the external debt of developing countries was increasingly constituted by short-term, non-concessional debt, bearing high interest rates.

282. While several developed countries had fulfilled their obligations under section A of Board resolution 165 (S-IX), concerning the retroactive adjustment of terms, some had taken measures which (a) were very restrictive in coverage and limited to a few countries, thus falling short of full implementation in letter and spirit of the resolution adopted by the Board meeting at Ministerial level; (b) were inadequate in terms of geographical coverage; (c) varied considerably from action taken by creditor countries which had implemented the resolution; and (d) were meagre in relation to action taken by other creditor countries.

283. He therefore wished to recall that ministers of developing countries at the fifth session of UNCTAD had called on developed countries to take the necessary steps to implement fully section A of the resolution by extending its benefits without discrimination. The Group of 77 understood that, because of the lateness of replies from developed countries, a thorough analysis of the action taken was not possible, but a preliminary analysis indicated that developed countries as a whole had yet to fulfil their obligations under the resolution.

284. In view of the serious situation facing developing countries, thorough consideration would have to be given to widening the coverage of developing countries covered by section A of the resolution. Many developing countries which did not fall within the substantive category of "poorer developing countries" were expected to experience higher deficits, of which debt-servicing obligations would constitute an important part.

285. So far as section B of the resolution was concerned, the Group of 77 shared the general sentiment regarding progress made on the elaboration of detailed features relating to future debt operations of interested developing countries. However, it was disappointed that no agreement had been reached on the establishment of an operational framework for implementing the agreed features. It therefore hoped and expected that at the current session the Board would reach agreement on this matter. He referred in this connexion to some of the principles which must guide the objectives of the detailed features: 13/

(a) Measures to redress acute and longer-term balance-of-payments problems must be taken in the framework of the over-all development objectives and addressed to the underlying structural characteristics of the country in question;

(b) Arrangements must enhance the developing country's capacity to mobilize additional international resources;

(c) The machinery to implement these measures should be organized and administered in a manner so as to enjoy the confidence of both creditors and debtors;

(d) The machinery should be guided by development considerations enabling it to arrive at policy recommendations supportive of the country's own efforts to further its economic and social progress;

(e) It should provide arrangements for appropriate expertise which is respected by all parties and designed to ensure timely action with the assistance of the international institutions such as the International Monetary Fund, the World Bank and UNCTAD;

(f) It should be multilateral in character and organized in a manner which would encourage debtor countries to involve the institution long before their debt burdens assumed crisis proportion;

13/ See Official Records of the Trade and Development Board, Tenth Special Session, Annexes, agenda item 3, document TD/B/730 (Report of the Intergovernmental Group of Experts on Debt and Development Problems of Developing Countries), annex I.

(g) The machinery must have continuity and permanence in order to ensure that the detailed features guiding debt reorganization were applied fairly and that implementation of the arrangements could be monitored, thus taking fully into account and safeguarding the interests of creditors as well as debtors.

286. He added that the Group of 77 welcomed the recognition on the part of most developed countries that the present ad hoc arrangements were deficient in many respects, and expected that, with the necessary political will on their part, the negotiations on draft resolution TD/L.196 would now be formally concluded at the present session of the Board.

287. The spokesman for Group B stated that there were two aspects to the debt problems of developing countries. With regard to section A of resolution 165 (S-IX), Group B was concerned by the difference of opinion on the nature of the agreement that had been reached at the ministerial session. In its view, section A did not call for supplementary agreement; furthermore, paragraph 5 of the resolution gave each donor country the flexibility to decide on the nature of the debt-relief action taken. So far as section B was concerned, the Board had come relatively close to an agreement at its previous session, and Group B would be pleased to finalize agreement at the current session.

288. At the 544th meeting, on 27 September 1980, the President introduced draft resolution TD/B/L.580 and Corr.1 which he had submitted as a result of informal consultations, and draft resolution TD/L.196 was withdrawn.

Action by the Board

289. At the same meeting the Board adopted the draft resolution submitted by the President (for the text, see annex I, resolution 222 (XXI)).

290. The spokesman for the Group of 77 said that, collectively, the membership of UNCTAD had taken an important step forward in addressing - by all accounts - one of the important problems in international economic relations. At the same time, he would be less than candid if he did not put on record that the scope of the resolution just adopted fell considerably short of the expectations of his Group and, indeed, of the far-reaching solutions warranted by the gathering debt crisis.

291. At its ministerial (ninth special) session, the Board had adopted, in a spirit of compromise, resolution 165 (S-IX), even though the policy measures envisaged in that resolution fell far short of the objectives of the developing countries. At that time, it had been understood that the implementation of the resolution would be comprehensive in coverage, equitable, and non-discriminatory in scope and timely in application, so as to provide swift relief to developing countries affected by the resolution. In the light of subsequent developments, the developing countries had learned with dismay that the implementation of the resolution in respect of retroactive adjustment of terms had tended to vary as regards both beneficiary countries and the degree of adjustment accorded by individual creditors. Thus, whilst some had taken action in favour of the most seriously affected countries, others had restricted their coverage to the least developed countries only, while yet others had taken no action whatsoever. In the light of this varying performance, the Ministerial Meeting of the Group of 77 held at Arusha in February 1979 had concluded that developed donor countries which had granted relief measures to only a limited group of countries could not be considered as having implemented resolution 165 (S-IX).

292. In the view of the Group of 77, section A of the resolution just adopted provided further impetus to what ought to have been done soon after the adoption of resolution 165 (S-IX). He was hopeful that it would provide concrete guidance to policy makers in some developed donor countries in continuing to adopt retroactive adjustment of terms or to take equivalent measures in accordance with section A of resolution 165 (S-IX). In that connexion, he stressed the request to the Secretary-General of UNCTAD to keep this matter under close and continuous review and assessment and looked forward to the report that was to be submitted to the Board at its twenty-second session. Consequently, the Group of 77 attached great importance to that part of the resolution which called upon all developed donor countries to make available to UNCTAD the data necessary for that review.

293. In conformity with the view of the Group of 77 most recently expressed at the eleventh special session of the General Assembly concerning the coverage of developed donor countries, he deemed that the measures called for under the resolution just adopted applied equally to developed market-economy countries and to socialist countries of Eastern Europe. His Group had in the past expressed its disappointment that socialist countries of Eastern Europe had not taken the necessary steps to implement any part of resolution 165 (S-IX). While it fully understood and appreciated the differences between the economic and social systems of the socialist countries, on the one hand, and those of the developed market-economy countries, on the other, he nevertheless stressed that the socialist countries had assumed, and rightly so, an important role in international economic affairs and had become important trading partners and sources of long-term finance for developing countries. Developing countries had reported a volume of debt outstanding to centrally planned economies at the end of 1979 which, while small in relation to their total debt outstanding, amounted to about \$16 billion; associated with this debt was an annual debt service payment from developing countries to socialist countries of close to \$1.6 billion per annum. His Group was aware that debt relief granted by socialist countries in individual cases had frequently been innovative and far-reaching, and that led him to hope that the socialist countries would take the necessary measures to implement resolution 165 (S-IX).

294. With respect to section B of the resolution, he said that while it constituted an important step forward, it reflected a major compromise by his Group, since it fell far short of the expectations of ministers, who, in the Arusha Programme, had called for the establishment of an independent institutional machinery in this area. In that context, the present decision was only a modest step forward. Its importance lay in the fact that for the first time the international community had agreed on the detailed features for future operation in relation to the debt problems of developing countries. Those features embodied the objectives of debt relief and outlined an operational framework consisting of procedures for initiation, the analysis of debt problems and the action to be taken. Thus, the resolution provided for a first effort at placing debt-relief operations in a coherent and mutually beneficial framework of a creditor and debtor relationship. The Group of 77 hoped that the operational features would go some way towards harmonizing and improving present ad hoc arrangements; at the same time, it intended to assess vigilantly and examine the application of the agreed features as they unfolded in practice. Indeed, it had agreed to section B of the resolution principally because it viewed it as an effort to see if the existing institutional framework would succeed in adapting itself to the requirements of an effective debt-relief machinery. It

therefore looked forward to a comprehensive and thorough examination of the entire range of issues relating to section B at the twenty-sixth session of the Board and to seeing if its faith in the effort to reform the existing machinery was justified.

295. He noted that it had taken some time for the recommendation in Board resolution 132 (XV) that the Secretary-General of UNCTAD be invited to participate in meetings of the Paris Club on the same basis and terms as the other international organizations participating to be implemented. Now that the role of the Secretary-General of UNCTAD in the existing forums for multilateral debt reorganization had been clearly defined, the Group of 77 expected him, on behalf of the Trade and Development Board, to ensure that the agreed features were fully and effectively implemented.

296. The spokesman for Group B stated that, in joining the consensus, Group B countries placed the following interpretation on the resolution and, in relation to (b) below, he strongly endorsed the appeal that had just been made to socialist countries by the spokesman for the Group of 77:

(a) Section A of Trade and Development Board resolution 165 (S-IX) called for developed donor countries to seek to adopt a retroactive adjustment of terms or equivalent measures in respect of existing outstanding official development assistance debt at that time. Group B interpreted paragraph 7 of section A of the resolution just adopted as pursuing the implementation of resolution 165 (S-IX).

(b) In the view of Group B, developed donor countries mentioned in section A, paragraphs 6, 7, 8 and 9 of the present resolution included all developed countries, irrespective of their economic and social systems.

(c) While a number of Group B countries had already submitted replies directly to the UNCTAD secretariat, paragraph 9 of section A of the resolution did not preclude the submission of the requested data by members of the Development Assistance Committee of OECD through that Committee.

(d) Section B of the resolution did not imply any agreement that UNCTAD had responsibility for overseeing the activities of organizations outside of its formal structure.

(e) Group B countries considered that debt, as a financial issue, should, within the United Nations system, continue to be within the competence of the Bretton Woods institutions.

(f) Group B noted that there existed relationship agreements between the Bretton Woods institutions and the United Nations, and considered that these should guide the actions of the Secretary-General of UNCTAD.

297. Furthermore, it was the opinion of Group B that all donor countries should undertake similar commitments to those contained in Board resolution 165 (S-IX).

298. The spokesman for Group D, speaking also on behalf of Mongolia, said that the resolution just adopted was a natural development of Board resolution 165 (S-IX). When that resolution had been adopted, the Group D countries had clearly stated their position with regard to the debt and development problems of developing countries. They maintained that position in respect of the present resolution.

CHAPTER V

TRADE RELATIONS AMONG COUNTRIES HAVING DIFFERENT ECONOMIC AND SOCIAL SYSTEMS AND ALL TRADE FLOWS RESULTING THEREFROM

(Agenda item 7)

299. This item was referred to Sessional Committee II for consideration and report.

Consideration in Sessional Committee II

300. The representative of the Secretary-General of UNCTAD introduced agenda item 7. The documents prepared by the secretariat for this agenda item, in particular the one entitled "Review of trends and policies in trade between countries having different economic and social systems" (TD/B/808), showed that, despite the deterioration in the international economic situation, trade between the socialist countries, on the one hand, and the developing countries and developed market-economy countries, on the other, had expanded at a high rate in 1979, as a result of the spread of long-term trade agreements, the intensification of economic co-operation and the adoption of trade-creating policy measures aimed at developing new export and import opportunities.

301. He noted that trade between the developing countries and socialist countries of Eastern Europe had been characterized by the further widening of its geographical basis and the establishment of more sophisticated forms of economic relations, such as co-operation and specialization in production, joint ventures and co-operation in third countries. Slow but definite progress had also been made in diversifying the commodity structure of their mutual trade, with increasing imports of sophisticated industrial and investment goods from some developing countries. It was to be expected that the implementation of the agreements signed during the last few years would give a further impetus to the development of this trade and economic co-operation. East-West trade had increased in 1979 at a faster rate than in 1978, although the increase in the value of the exports of socialist countries to the West could be, to a great extent, attributed to the rise in prices of certain raw materials and fuels. The imbalance between exports and imports had resulted in the growth of indebtedness of socialist countries. High rates of trade progression with both developing countries and developed market-economy countries, as compared with the growth rates of industrial production in socialist countries, could be expected in the period 1981-1985.

302. He drew attention to the two draft resolutions (TD/L.189 and TD/L.190), which had been remitted to the Board at its present session. He also mentioned that, as in previous years, the secretariat would provide substantive and organizational assistance to interested countries in holding bilateral or multilateral consultations within the consultative machinery established in UNCTAD for this purpose.

303. With regard to the technical assistance provided by the UNCTAD secretariat for the development of trade between socialist countries of Eastern Europe and developing countries, he reported that a UNDP/UNCTAD comprehensive programme was

being implemented at the interregional, regional and national levels, in close co-operation with the United Nations regional commissions and the International Trade Centre UNCTAD/GATT. An interregional workshop and two seminars - one for Latin America and the other for Asia and the Pacific countries - would be held before the end of 1980, and two interregional workshops and two seminars for the African countries were being planned for 1981. The programme included the provision of practical information and advisory services to interested countries, at their request. The implementation of this programme was expected to assist the competent authorities in the developing countries to improve their knowledge of the ways and means of increasing trade and diversifying economic co-operation with the socialist countries of Eastern Europe.

304. There was an intensification of co-operation with the United Nations regional commissions and specialized agencies under this work programme. Thus, a joint research project with ECLA was being completed and arrangements were being made at the secretariat level to undertake similar activities with ECA and ESCAP. The close co-operation with the Economic Commission for Europe would be continued.

305. The spokesmen for the regional groups underlined the interest taken by their respective groups in this item and the importance they attached to its consideration. They stressed the important role which UNCTAD was playing in promoting and facilitating the adoption by member countries of measures and actions designed for the further development of trade relations among countries having different economic and social systems. They expressed their readiness to consider in a constructive spirit the two draft resolutions remitted by the Board. The representatives of the developing countries and of the socialist countries of Eastern Europe commented favourably upon the technical assistance activities of the secretariat designed for the further development of trade between these two groups of countries and expressed the hope that they would be continued and reinforced.

306. The spokesman for the Group of 77 said that the subject of trade relations among countries having different economic and social systems and all trade flows resulting therefrom was of importance for the developing countries, and he believed that the promotion of such flows, both between developing and socialist countries and between socialist countries and developed market-economy countries, would be beneficial. He reiterated the position of his Group, as stated at the 539th plenary meeting (see para. 50), when the hope had been expressed that the present session of the Board would give a further impetus to trade among countries with different systems through the adoption of multilateral action to supplement the appreciable relations existing between developing countries and socialist countries on a bilateral basis. The Group of 77 was grateful to the UNCTAD secretariat for its considerable technical assistance activities for the developing countries, in the form of workshops, seminars, study tours, advisory services, and the like, and requested not only the continuation but also the reinforcement of those activities in the future. His Group considered the two draft resolutions remitted to the Board at its present session as the core of the work of Sessional Committee II. He recalled that it had been impossible to agree, at the fifth session of the Conference, on an acceptable solution and to arrive at an agreed text, and gave an assurance that his Group was ready and willing to negotiate on the two drafts and to be flexible. It had no problems with the preamble and had no objection to including East-West

trade in the eventual resolution. Moreover, the sections which dealt with relations between socialist and developing countries in the two drafts were not far apart, so it should be possible to reach an agreement. He stressed the importance for the Group of 77 of the request that 0.7 per cent of the gross national product should be devoted by the socialist countries of Eastern Europe to financial assistance to developing countries, as well as of the other provisions contained in the draft resolution submitted by the Group of 77.

307. The representative of a developing country, commenting on the studies before the Board under this agenda item, thanked the UNCTAD secretariat for its work and the account given in the document entitled "Trends, policies and prospects in trade and economic co-operation between Argentina and the socialist countries of Eastern Europe" (TD/B/807) of his country's trade and economic relations with those countries, which was useful in giving incentives to economic co-operation and to the expansion of trade between the countries analysed.

308. The representative of another developing country, referring to the study entitled "Trends, policies and prospects in trade and economic co-operation between Colombia and the socialist countries of Eastern Europe" (TD/B/814), expressed the appreciation of her Government to the UNCTAD secretariat. She pointed out that, while the economic co-operation during the last decade had been strengthened as a result of endeavours by both sides, and trade between her country and the socialist countries of Eastern Europe had increased, this particular trade had remained marginal in quantitative terms. She thought that this was due, among other reasons, to the differences in economic structures and systems which, in her view, made it difficult for countries with planned economies to penetrate the markets of other countries. In that respect, such aspects as the quality of the trade representation, the supply of spare parts and financial facilities played a very important role in determining the importer's preferences. For that reason, it would have been desirable for the study to consider those aspects in greater depth. She noted that commercial relations with some of the socialist countries were based on the system of compensation which, in some cases, had resulted in the relative freezing of her country's trade surpluses. She suggested that the secretariat include in the relevant study figures on her country's positive trade balances, as well as an analysis of them. Furthermore, she felt that secretariat studies of that kind should be oriented towards the formulation of suggestions and concrete measures to promote the establishment of closer co-operation, and that the secretariat, before finalizing the studies, should seek the views of the Governments of the countries dealt with in them.

309. The representative of China supported the statement by the spokesman for the Group of 77 and the draft resolution sponsored by that Group as a basis for discussion, because the draft resolution set forth some practical and reasonable measures and demands with a view to improving the economic and trade position of the developing countries, taking as the point of departure the objective of establishing the new international economic order. The Group's demands included extension and improvement of the schemes of generalized preferences, the improvement of payments arrangements, the development of the export potentials of developing countries, and the achievement of the 0.7 per cent target for official development assistance. He believed that if the countries of Group D showed goodwill, those demands could be met.

310. The spokesman for Group B expressed the readiness of his Group to participate constructively in the discussion and elaboration of a resolution. Although Group B firmly maintained that East-West trade problems had no proper place in the resolution, it was prepared to consider accepting a reference to East-West relations in it with a view to contributing substantially to the work of the Sessional Committee.

311. The representatives of the socialist countries of Eastern Europe stated that they attached great importance to the activities of UNCTAD in the field of trade among countries having different economic and social systems. They stressed that this subject should be considered in its entirety, and include all trade flows, namely, East-West trade and trade between the developing countries and the socialist countries of Eastern Europe, as had been the case so far, and as provided for in Conference resolutions 15 (II), 53 (III) and 95 (IV).

312. They described recent events in trade and economic co-operation with both developing and developed market-economy countries, noting that this co-operation had been growing steadily in spite of the difficult world economic situation. Trade among countries having different economic and social systems had become one of the most dynamic flows of world trade. A particularly positive role in the furthering of this process was played by long-term intergovernmental trade and economic co-operation agreements and programmes, as well as by the functioning of the existing intergovernmental institutional machinery, including mixed commissions.

313. They noted with satisfaction the growth of new forms of co-operation with the developing countries and developed market-economy countries and, in particular, industrial co-operation, co-operation in third markets, joint ventures, and scientific and technical co-operation. They considered that these forms of economic relations could play a greater role in the promotion of trade between partners from countries with different economic and social systems.

314. At the same time, they expressed concern over the discriminatory measures taken by some developed market-economy countries against goods from the socialist countries of Eastern Europe and the growing protectionism which hampered the efforts of the latter countries to expand and diversify their exports to the developed market-economy countries. They also noted that trade with the West could be facilitated through the removal of the existing imbalance of trade flows and through the further diversification of its commodity structure.

315. The representative of a socialist country of Eastern Europe stated that in the 1970s the progress in détente, the measures on limitation of the arms race, the improvement of the international political climate and the growth of confidence among countries had contributed to the increase in world trade and the expansion of economic, scientific and technical co-operation among all groups of countries. However, he noted with regret the worsening in recent years of the world political environment as a result of the attempts of certain circles to revive the "cold war" policy, to accelerate the arms race and to try to solve problems of international relations, including those in the economic field, from a position of strength and diktat by the use of unlawful boycotts and blockades. These negative developments, which constituted a threat to the policy of détente, could not only adversely affect East-West trade but could also create additional obstacles to the restructuring of international economic relations as a whole.

That was also true of the protectionist tendencies and discriminatory measures in trade policy of some developed market-economy countries, which were incompatible with the principles of a new international economic order, and with the aims of just and mutually beneficial international trade and economic co-operation in the interests of all countries. In the prevailing circumstances, the principles and basic provisions of the Final Act of the Conference on Security and Co-operation in Europe 14/ were of growing importance for international economic relations. He stressed that his country continued to pay serious attention to the development of mutually advantageous relations with the developed market-economy countries and developing countries. In the first six months of 1980, trade with the West had increased by almost one third as compared with the same period in 1979, in spite of the decrease in trade with the United States as a result of the embargo placed by the United States Administration on the delivery of many products to his country. The quantitative growth of trade with the developed market-economy countries had been accompanied by many qualitative changes, by the strengthening of its legal and institutional basis, and by the development of new forms of co-operation. While noting the expansion of East-West trade relations, he pointed out that the volume of co-operation achieved did not reflect the economic potentials of the partners.

316. He added that great importance was attached by his country to the expansion of trade and economic co-operation with the developing countries. In 1979, trade with those countries had more than doubled by comparison with the average level achieved in 1971-1975. He stressed that his country paid particular attention to trade with the least developed countries, with which the volume of trade was expected to increase three-fold by the end of 1980 as compared with 1975. In recent years, his country's imports from the least developed countries had been growing faster than its exports to them. The expansion of trade with the developing countries had been accompanied by an increase in economic and technical co-operation with those countries on the basis of more than 70 intergovernmental agreements. The volume of this co-operation was expected to increase two-fold by the end of 1980 as compared with 1975 and three-fold in the case of the least developed countries. The implementation of new forms of co-operation with the developing countries was facilitated by the growing practice of concluding long-term agreements for 10 to 15 years, compensatory arrangements and industrial co-operation, as well as by co-operation in planning. The further expansion of his country's trade with the developing countries would be promoted through measures aimed at increasing imports of both traditional goods and manufactures and semi-manufactures, and at deepening the division of labour between the partners. He believed that co-operation between the State planning committees of his country and the planning bodies of developing countries would play an increasing role in that respect.

317. The representative of another socialist country of Eastern Europe pointed out that trade between socialist countries of Eastern Europe and developing countries and East-West trade were closely interrelated, and said that UNCTAD should therefore continue to consider both flows of trade. She noted that trade with the developing countries, which had augmented more than three times since 1970, was now the most dynamic element of her country's foreign trade as a result

14/ Circulated to all Member States under cover of a note verbale dated 24 September 1975.

of the introduction of new and more sophisticated forms of economic co-operation. Through the delivery of complete plants and other capital goods, her country was providing considerable technical assistance to the developing countries. In the future such assistance might be expanded by setting up agro-industrial projects, which could contribute to the solving of food problems in some developing countries. Trade and economic co-operation between her country and the West had also been intensified, as a result of the growth of her country's economic potential, as well as of the intensive use of various forms of economic co-operation. The recent legislative measures adopted by her country created additional possibilities for such co-operation. However, her country's trade with the West was hindered by the protectionist measures adopted by some of the developed market-economy countries. The inclusion of her country in the generalized system of preferences of the European Economic Community would have a positive influence on its trade. She pointed out that her country had recently hosted a seminar for trade representatives of developing countries under a UNDP/UNCTAD programme, and was ready to contribute to the implementation of similar activities in the future.

318. The representative of another socialist country of Eastern Europe pointed out that more than 40 per cent of his country's foreign trade involved developing countries and developed market-economy countries and that his country was interested in furthering this trade. While it had no major difficulties with the majority of its partners in the two groups, trade with some developed market-economy countries was seriously hindered by the proliferation of protectionist measures in old and new forms applied in those countries in a way that was incompatible with international rules. He suggested that discussion at the present session should concentrate on this subject with a view to contributing to the solution of such problems. Of particular concern to his country was the tendency to apply restrictive measures on a so-called selective basis, in other words, in a discriminatory way, against exports from the socialist countries. He regretted that the multilateral trade negotiations, in which his country had participated, had failed to improve conditions for the access of agricultural goods to the Western markets and had not made significant progress in eliminating a number of non-tariff barriers. His country continued to face difficulties when exporting such goods as agricultural products and textiles to the West, and particularly to the European Economic Community.

319. The representative of another socialist country of Eastern Europe said that his country's trade with the developing countries had been growing over the 1970s more rapidly than its foreign trade as a whole, and that during the first half of 1980 it had increased by 38 per cent compared with the corresponding period of 1979. His country favoured establishing long-term relations with its partners on the basis of intergovernmental agreements on trade and on economic, scientific and technical co-operation. Between 1970 and 1979, his country had concluded more than 140 such agreements with 59 developing countries. In his view, such relations constituted for the developing countries a safe basis for the implementation of their long-term development plans. During the same period, his country had more than 650 projects in the developing countries. It was also promoting the diversification of the exports of developing countries. Thus, the share of semi-manufactures and manufactures in his country's imports from the developing countries had reached 35 per cent. In the case of trade with the developed market-economy countries, although it had been expanding rapidly, there were still serious obstacles to such trade, which had been outlined by representatives of other socialist countries.

320. The representative of another socialist country of Eastern Europe underlined that in the past decade his country had increased its involvement with the international division of labour, in an endeavour to make its economic relations an active factor in the process of economic development. This policy had resulted, in the initial stage, in a considerable growth of imports, which had surpassed that of exports. In recent years, efforts had been made to reverse that trend in the trade of his country with the developed market-economy countries, but various obstacles had hampered these efforts, among others, the different protectionist measures applied in some of the developed market-economy countries. Trade with the developing countries had been characterized by rapid growth, which had been achieved first of all through an accelerated expansion of the imports into developing countries from his country. Various forms of economic co-operation, including industrial co-operation, joint ventures and tripartite co-operation, were increasingly applied. In his view, interested developing countries also needed to make an effort to draw on existing reserves and to utilize more fully the many unexploited possibilities for the further expansion of such co-operation.

321. The representative of the Council for Mutual Economic Assistance (CMEA) said that, in view of the continuing economic crisis of the world capitalist economy, which gravely affected the whole structure of international economic relations, UNCTAD, as the principal universal economic organization, was called upon to play an important role in the search for ways of improving international economic relations. The meeting of heads of Governments of CMEA member countries, held in June 1980, had reiterated the readiness of CMEA and its member countries to further the development of co-operation with third countries in the interests of deepening the international division of labour on a just, equitable and mutually beneficial basis. Through their economic activity, the CMEA member countries were actively contributing to the solution of the global problems of energy, raw materials and food. The deepening of integration among them created additional prerequisites for co-operation with other countries. The CMEA member countries were contributing to the restructuring of the whole system of international economic relations on a democratic and just basis, and stood for the elimination of all forms of exploitation, inequality and discrimination. They opposed the protectionist and discriminatory measures practised by some of the Western countries.

322. He noted that the over-all trade turnover of the CMEA member countries had increased by almost 13 per cent in 1979 and exceeded \$US 300 billion, while the trade turnover with developing countries had risen by more than 17 per cent. The member countries of CMEA continued to expand and strengthen their economic and technical co-operation with developing countries. In 1979 they had concluded more than 100 long-term agreements on economic and technical co-operation with 39 developing countries. The year 1980 ended the recurrent five-year period of economic co-operation, and the member countries were currently engaged in co-ordinating their development plans for 1981-1985.

323. The CMEA secretariat took an active part in the implementation of the UNCTAD/UNDP technical assistance project on co-operation between the developing countries and the socialist countries of Eastern Europe, and in particular would be hosting a seminar for Latin American experts on integration among the CMEA member countries.

324. The representative of a developing country spoke of his country's experience in expanding trade and economic co-operation with the socialist countries of Eastern Europe. He particularly stressed the fact that, in the last few years, the trade turnover had increased at a high rate and that the share of manufactured goods imported by his country from the socialist countries of Eastern Europe had exceeded the share of this group of products in his country's total imports. He felt that the partners should make more efforts to diversify their imports from his country, which had so far consisted mainly of petroleum. He hoped that in the years to come the socialist countries would participate more actively in the industrialization of his country, and believed that many more opportunities existed for greatly expanding and improving their present relations.

325. The representative of another developing country, referring to the bilateral, and multilateral consultations organized during the present session of the Board, expressed his satisfaction that, despite the late announcement of the consultations requested by his Government, the representatives of the seven socialist countries of Eastern Europe had responded positively and agreed to participate in these consultations. He considered that the consultations had been very useful in the sense that the participating parties had been able to exchange views regarding trade and economic relations between his country and the socialist countries, as well as on the prospects, ways and means of expanding them in the future. In this connexion, he also expressed his thanks to the UNCTAD secretariat for having organized and assisted in these consultations. He emphasized the need for consultations to continue in the future, given the important results gained by both groups of countries and particularly by the developing countries in this respect.

326. The spokesman for Group D stated that the constructive approach shown by many delegations to the issues discussed underlined once again the role of UNCTAD in the field of trade among countries having different economic and social systems, as it had been formulated in basic UNCTAD documents. He suggested that the UNCTAD secretariat should prepare a review of the status of the question of trade among countries having different economic and social systems in various bodies of the United Nations system, including GATT, and of the progress made in this respect, in order to exclude misinterpretation of the role of UNCTAD in this field.

327. He noted that the discussions in the Sessional Committee had made it possible for the viewpoints of various groups of countries on the issues before the Board to be brought closer together. The countries members of Group D trusted that all States members of UNCTAD would continue to make efforts aimed at the further expansion of trade among countries having different economic and social systems in the interests of all participating countries, while bearing in mind the necessity of promoting the economic development of developing countries, in particular the least developed among them.

328. The Sessional Committee appreciated the present technical assistance activities in trade between developing countries and socialist countries, and considered it important for the UNCTAD secretariat to continue them with a view to ensuring support for technical assistance projects, including the Comprehensive Programme for the next UNDP cycle, 1982-1986, to be implemented in co-operation with the United Nations regional commissions and the International Trade Centre UNCTAD/GATT, particularly by expanding and improving advisory services to the developing countries.

329. At the 5th (closing) meeting of the Sessional Committee, the spokesmen for all regional groups expressed their wish and readiness to continue working constructively so as to arrive at a resolution on trade relations among countries having different economic and social systems and all trade flows resulting therefrom that would be acceptable to all, and they underlined the need for goodwill to be shown by all groups in order to achieve that result.

330. The Committee decided to continue its consideration of draft resolutions TD/L.189 and TD/L.190 in informal consultations, and that the results of the consultations should be reported by the Chairman of the Committee to the plenary. For the action by the Board on this matter, see paragraphs 340-346.

Consultations on trade and economic relations

331. The Chairman reported that, during the present session of the Board, member countries had availed themselves of the opportunity provided by the machinery established within UNCTAD for holding bilateral consultations on issues of mutual interest. Those consultations, as provided for by the respective decisions of the Trade and Development Board, were confidential, voluntary and non-committal in character and, pursuant to Conference resolution 95 (IV), the UNCTAD secretariat was required to participate both in the technical preparation of the consultations and in their various subsequent stages and to report to the Board on the substantive results achieved.

332. He had been informed by the secretariat that, at the request of interested parties, it had organized 17 bilateral consultations between six developing countries and seven socialist countries of Eastern Europe. The UNCTAD secretariat had given substantive support in the preparation of those consultations and had provided, in some of them, concrete assistance in this respect.

333. Concerning the substantive issues discussed during the consultations, the interested member countries had exchanged views on ways and means of expanding bilateral trade relations, including new forms of economic co-operation. In some cases, where trade agreements between counterparts had already been concluded, the parties had noted the suggestions made on the possibilities of taking full advantage of available legal and institutional frameworks (such as the existing mixed intergovernmental commissions and the establishment of trade representations of socialist countries in developing countries) for the full utilization of existing instruments for promoting mutual trade and economic relations, and had promised to transmit them to their respective competent authorities for consideration and possible action.

334. In some cases, the possibilities had been reviewed of setting up joint ventures in agriculture, fishing and mining, as well as the transfer of technology in these areas. In other instances, lists of export products had been presented during the consultations and discussed with a view to diversifying trade.

335. Some countries had said that there was a lack of information on trade possibilities and economic and financial assistance, e.g. of credit and payments modalities as well as trade practices and financing for the construction of specific infrastructure projects. The necessary clarification had been given to them in this respect. Some consultations had concentrated on the future prospects for trade and economic relations between the parties concerned.

336. In some consultations, suggestions had been made by the representative of a developing country on the possibility of establishing direct contacts between the two countries through such means as economic missions, trade fairs and national economic days. This suggestion had been appreciated by some socialist countries, which considered it as an excellent additional means for promoting and expanding trade and economic relations. In other cases, it had been decided to follow up the achievement of these goals through contacts between the missions in Geneva and the diplomatic representations of socialist countries in the developing countries.

337. The bilateral consultations had enabled the respective parties to exchange views on mutual trade as well as to take notes on the various suggestions made by them.

338. In the course of these consultations, the delegations from both groups of countries had expressed their appreciation of the technical assistance programme of UNCTAD, considering it as an efficient instrument for disseminating practical information and training officials from developing countries with a view to remedying the lack of information in this field. Some of the developing countries participating in these consultations had requested the secretariat for clarification regarding the various activities envisaged within the above-mentioned programme. The countries participating in the consultations had expressed their appreciation of the role and usefulness of this UNCTAD consultative machinery.

339. In conclusion, the Chairman again drew attention to the possibility of conducting consultations outside the sessions of the Board, as provided for in Conference resolution 95 (IV). The UNCTAD secretariat was ready to continue to organize such consultations at the request of States members of UNCTAD.

Consideration in plenary

340. At the 544th meeting, on 27 September 1980, the Chairman of Sessional Committee II introduced the draft resolution which he had submitted as a result of the informal consultations that had continued after the close of the Sessional Committee (TD/B/L.581), and draft resolutions TD/L.189 and TD/L.190 were withdrawn.

Action by the Board

341. At the same meeting the Board adopted the draft resolution submitted by the Chairman of Sessional Committee II (for the text, see annex I, resolution 220 (XXI)).

342. The spokesman for the Group of 77 said his Group considered that considerable progress had been achieved on agenda item 7. Section II of the text annexed to the resolution adopted constituted an agreed text except for two outstanding points which his Group regarded as capable of being resolved. While the Group of 77 was concerned with the difficulties which remained to be resolved, especially in the preamble and section I of the annex, it felt that the problems outstanding in the preamble did not present irreconcilable differences and were also capable of being resolved. The Group of 77 urged the groups directly involved to show the necessary goodwill to arrive at an agreed

text at the twenty-third session of the Board. However, his Group was particularly concerned at the lack of progress on section I, relating to East-West trade, which gave rise to conceptual difficulties between the two groups primarily concerned. The Group of 77 sincerely hoped that the difficulties would be settled as soon as possible, as their settlement would have beneficial effects for the vital trade and development interests of developing countries in the context of an eventual resolution.

343. The spokesman for Group B said that agenda item 7 was one that her Group considered to be of great significance, as it regarded the improvement of trade relations among countries having different economic and social systems as a highly important factor in the achievement of more harmonious and expanding world economic relations. Group B was fully aware of the need for the international community as a whole to co-ordinate policy measures more effectively so as to improve the functioning of the world economy, with the aim of establishing a more equitable international economic structure. Accordingly, it believed that all developed countries, be they market-economy countries or countries with centrally-planned economies, should be actively involved in substantive trade and aid measures to help the developing countries to achieve real economic progress.

344. Group B had approached the work of the Sessional Committee in a positive spirit and with the definite intention of contributing to achieve constructive results. It was therefore glad to see that some progress had been made, and hoped it would prove useful for further progress on the subject when it was taken up again at the twenty-third session of the Board. On the East-West issue, to which the spokesman for Group D had referred, the position of her Group had been clearly defined and was well known. Group B hoped that there would be a further clarification of the different points of view on the subject in the future so as to arrive at the right approach in the light of UNCTAD's role as a leading United Nations organ for discussing ways and means of furthering the economic advancement of the developing countries.

345. The spokesman for Group D, speaking also on behalf of Mongolia, underlined the positive contribution made by Group D to the work of Sessional Committee II, which showed its understanding of the interests and positions of other groups, of countries. His Group appreciated the efforts made by the Group of 77 with a view to achieving progress on this issue. The discussion on agenda item 7 had demonstrated once again the important role of UNCTAD in considering various aspects of trade among countries having different economic and social systems, as reflected in the resolution just adopted. He suggested, with a view to avoiding possible misinterpretation of the role of UNCTAD in this field, that the UNCTAD secretariat should prepare a review of the status of the problems of trade among countries having different economic and social systems in various bodies of the United Nations system, including GATT, and of the progress made in this respect. The resolution adopted by the Board and the text annexed to it represented a definite step forward in the consideration by UNCTAD of these problems.

346. In the view of Group D, the text annexed to the resolution provided basic elements for an eventual broad and comprehensive resolution on the subject covered by agenda item 7. The agreed provisions in the text demonstrated the significant progress that had been made in trade relations between developing countries and socialist countries of Eastern Europe. At the same time, Group D

felt that an acceptable solution could be found on the problems of East-West trade, as well as on the preamble of the eventual resolution. In order to achieve this goal, its partners and, in particular, certain countries of Group B, should show a minimum of goodwill. He regretted that although, at the beginning of negotiations, Group B had promised to adopt a constructive approach to the issues of East-West trade if there was progress in other areas, it had not taken any steps in that direction. Group D was ready to continue its efforts to bring nearer the positions of various groups at the twenty-third session of the Board, and possibly during the period before that session.

CHAPTER VI

MATTERS REQUIRING ACTION BY THE BOARD ARISING FROM OR RELATED TO REPORTS AND ACTIVITIES OF ITS SUBSIDIARY AND OTHER BODIES (Agenda item 9)

347. This item was referred to Sessional Committee I for consideration and report.

A. Manufactures and semi-manufactures (Agenda item 9 (a))

1. Manufactures

Consideration in Sessional Committee I

348. Introducing the report of the Committee on Manufactures on its ninth session, 15/ the chairman of that Committee said that conclusions had been agreed to on each of the four substantive items of the Committee's agenda, namely, the review of recent trends and developments in manufactures and semi-manufactures, the multilateral trade negotiations, international co-operation for industrial development and trade and the effects of environmental policies relating to trade in manufactures and semi-manufactures.

349. He stated that, in the agreed conclusions concerning the review of recent trends and developments in trade in manufactures, the Committee had, inter alia, reaffirmed the provision of Conference resolution 131 (V) on protectionism and structural adjustment. The Committee had noted that there was an urgent need for concerted efforts to increase the production as well as the export capacities of developing countries in the manufactures sector. The UNCTAD secretariat was requested to continue to study international trade in manufactures, particularly in areas with dynamic export prospects for developing countries, including petrochemical products and fertilizers, taking into account work being done in other forums. That work should also cover the problems of international trade in textiles, in particular the problems faced by developing countries, taking into account work being done in other forums and the results of the studies submitted to the Committee for further consideration.

350. As to the multilateral trade negotiations, the Committee in its agreed conclusions had, inter alia, recalled Board decision 214 (XX) and had agreed to examine developments in international trade arising from the implementation of the results of the multilateral trade negotiations, in particular the impact on the trade of developing countries and the need to further their interests. The Committee had also urged all countries concerned to work, in a spirit of flexibility, to achieve the goal of securing the maximum possible participation in the codes and agreements resulting from the negotiations, in particular by facilitating accession by developing countries and by ensuring the proper implementation of the codes and

15/ TD/B/822-TD/B/C.2/207 (provisionally circulated as TD/B/C.2(IX)(Misc.3)).

agreements in both letter and spirit. The Committee had agreed that negotiations should be intensified as a matter of urgency in the important area of safeguards.

351. As to international co-operation for industrial development and trade, the Committee had noted the report of the Group of Experts on that subject (TD/B/774) and welcomed the joint efforts by UNCTAD and UNIDO in this regard. The Committee had also noted that the Group of Experts would be meeting again to consider the subject further and had agreed to consider, if possible, the final report of the Group at its tenth session.

352. Finally, as regards the effects of environmental policies relating to trade in manufactures and semi-manufactures, the Committee had noted the various studies undertaken and welcomed the joint efforts of UNCTAD and UNEP in this regard. The Committee had also agreed that this effort should be continued, taking into account the continuing work in this respect in other forums, and that the results should be presented for detailed examination by the Committee at its tenth session.

353. The spokesman for Group B stated that he welcomed the report of the Committee on Manufactures for three separate reasons. First, the report indicated the reactivation of the work of that Committee; secondly, it was a result of the participants having worked in a spirit of co-operation to reach agreement in a number of very important areas; thirdly, general analysis of trade in manufactures helped to understand significant developments in world trade and to direct attention to problem areas. Trade played an essential role in bringing about economic growth and development and all countries shared an interest in encouraging its expansion, which could be achieved by the maintenance and improvement of the open and multilateral trading system. That was one way to ensure economic growth, and for benefits to accrue to all countries. He observed that some of the issues dealt with in the report were being discussed more fully in Sessional Committee III.

354. The spokesman for Group D said that the most important result of the work of the Committee on Manufactures was that the Committee had paid great attention to crucial trade policy issues. Its report reflected the positions of members of UNCTAD on the problems under discussion, inter alia, the position of Group D. The Committee could have achieved more substantial results in its agreed conclusions on protectionist measures in international trade in the assessment of the multilateral trade negotiations in the framework of GATT. In this respect, he referred to the draft decision submitted by Group D (TD/B/C.2/L.94), which was annexed to the report of the Committee. He noted that the Committee on Manufactures had much important work to do in the future and wished it success in all its tasks.

Consideration in plenary

Action by the Board

355. At its 544th meeting, on 27 September 1980, the Board, in taking note of the report of Sessional Committee I, took note of the report of the Committee on Manufactures on its ninth session and endorsed the agreed conclusions of that Committee.

2. Preferences

Consideration in Sessional Committee I

356. Introducing the report of the Special Committee on Preferences on its ninth session, 16/ the Chairman of that Committee stated that it had successfully accomplished the task remitted to it by the Conference at its fifth session and by the Board at its nineteenth session, namely, that of carrying out a comprehensive review and evaluation of the first 10 years of operation of the generalized system of preferences (GSP) with a view to reaching agreement regarding its future.

357. He drew attention to the main areas of agreement reached by the Special Committee, as embodied in resolution 6 (IX) adopted by the Committee. First, the importance of a generalized, non-reciprocal and non-discriminatory system of preferences for the expansion and diversification of the export trade of developing countries and for the acceleration of the rates of their economic growth had been reaffirmed. The resolution also recognized that the GSP had played a positive role in improving the access of developing countries to the markets of preference-giving countries and had thus contributed to progress towards this objective. It recognized that the objectives of GSP, as set out in Conference resolution 21 (II), would not be fully met by 1980 and called therefore for the extension of the system beyond the initial period of 10 years and for a comprehensive review of the system in 1990. Moreover, the preference-giving countries had reaffirmed their commitment to a continuous improvement of their schemes, and in such improvement higher priority would be given to products of interest to the least developed countries. The resolution confirmed that the preference-giving countries would continue their efforts to provide technical assistance to the beneficiary countries to enable them to draw maximum advantage from their schemes. In that connexion, the Committee had unanimously recommended that the UNCTAD/UNDP technical assistance project should be extended beyond 1980.

358. He pointed out that the Special Committee's ninth session had provided the first opportunity for putting into practice the new improved consultation procedures which the Board had prescribed in its decision 179 (XVIII) of 17 December 1978. In effect, concurrently with plenary meetings in which issues of a general character had been discussed, a number of informal consultations had taken place between interested preference-receiving countries and individual preference-giving countries regarding specific and concrete improvements to be made in the various schemes. In that connexion, the Special Committee had agreed that the introduction of these plurilateral and confidential consultation procedures in UNCTAD marked an additional step forward in enabling preference-giving countries to arrive at a deeper understanding of the specific needs of individual beneficiary countries, and in enabling beneficiary countries to exploit better the possibilities offered under the various schemes.

359. Finally, the resolution recommended that the Working Group on Rules of Origin should be reconvened in early 1981 to continue its work regarding harmonization and simplification of the rules of origin under GSP.

360. As to developments since the Special Committee's ninth session, he drew attention to the report of the Secretary-General of the United Nations on programme

16/ TD/B/802-TD/B/C.5/70 (provisionally circulated as TD/B/C.5(IX)(Misc.2)).

evaluation in the field of manufactures. 17/ That report, which covered, *inter alia*, UNCTAD activities on GSP, had been examined by the Committee for Programme Co-ordination (CPC) and also by the Working Party on the Medium-Term Plan and the Programme Budget. The report of CPC contained a number of comments and recommendations. Paragraph 70 of that report 18/ stated that "the Committee endorsed the recommendation to expand the capacity of UNCTAD for technical assistance activities in that area, especially to enable poorer developing countries to benefit more fully from the potential schemes of the several generalized system of preference schemes and as a means of more effectively channelling information on the schemes to all potential users in the export sector of developing countries". He asked the UNCTAD secretariat whether arrangements had been made for continuation and possible expansion of the UNCTAD/UNDP project on GSP. He also invited the UNCTAD secretariat and representatives of developing countries to express their views as to the ways by which more effective channelling of information on GSP schemes could be achieved.

361. A representative of the UNCTAD secretariat replied that UNDP had indicated that it would provide continued financial support for the project, at least until the end of 1981, and that a formal decision in this respect was expected in the near future. He added that the issue of channelling information on the GSP schemes had always figured prominently in the national seminars organized by the UNCTAD/UNDP project. Recommendations made in this respect were of two kinds, namely, institutional and informational. The institutional aspect concerned the establishment of focal points for the collection, analysis and dissemination of information on the GSP schemes. Many beneficiary countries had already established such focal points, but many others for various reasons had not been able to do so.

362. The second aspect concerned the dissemination of up-to-date information on the schemes. The handbooks prepared by the project and a number of preference-giving countries had been very useful in that respect, and the problem remained how to ensure that they reached the greatest number of exporters and end-users. The handbooks provided information on the opportunities offered and the conditions for claiming preferential treatment, but perhaps more important was the timely dissemination of information on the actual operation of the schemes. In the case of schemes which applied a priori limitations in the form of quotas, ceilings and maximum country amounts, it was important for beneficiary countries to receive immediate information on the closing of such quotas. For that purpose, it would be useful if preference-giving countries notified, on a regular basis, their diplomatic missions in beneficiary countries and the UNCTAD secretariat on the status of the utilization of the quotas which, in turn, could be given wider dissemination by the focal points in beneficiary countries and, to the extent possible, by the UNCTAD secretariat. That type of early warning system had already been instituted by one major preference-giving country.

363. The Chairman of the Special Committee on Preferences expressed satisfaction at the willingness of UNDP to continue to support the GSP project on technical assistance until at least the end of 1981 and recalled that, at the Special

17/ E/AC.51/1980/2, transmitted to the Working Party on the Medium-term Plan and the Programme Budget under cover of a note by the UNCTAD secretariat (TD/B/WP/6).

18/ Official Records of the General Assembly, Thirty-fifth Session, Supplement No. 38 (A/35/38).

Committee's ninth session, many delegations had expressed satisfaction with the technical assistance activities of the UNCTAD secretariat with respect to GSP.

364. The representative of Bulgaria referred to the particular situation of his country, which was both a preference-giving and a preference-receiving country under GSP. The nature and scope of his country's scheme of generalized preferences were well known. His country was grateful for the preferences it received from those preference-giving countries having a higher level of economic development than Bulgaria. However, it wished to receive preference also from EEC and had made repeated requests to that effect. In bilateral contacts, including high-level governmental meetings, almost all EEC countries had promised to support the Bulgarian request in the Council of the Communities. However, the Commission of the European Communities had for a number of years been postponing the presentation of the respective proposal to the Council of the Communities, using different pretexts. Much to his regret, the Commission had again taken the decision not to make a proposal for the inclusion of his country in the 1981 list of beneficiaries under the Community scheme of generalized preferences. He was puzzled at the attitude of the Commission in ignoring his country's request while at the same time granting preferences to other European countries having a level of economic development higher than that of Bulgaria. He wondered whether that attitude was not politically motivated, and expressed the hope that his country's request would be duly considered and resolved in the spirit of the Helsinki Agreement and in conformity with the aims and objectives of GSP.

365. The spokesman for Group D said that the preference-giving countries members of Group D had paid great attention to the activity of the Working Group on Rules of Origin and had conducted intensive work to harmonize such rules in order to make them simpler and more suitable. That work had been completed and the rules of origin currently applied by Bulgaria, Czechoslovakia, Hungary, Poland and the Union of Soviet Socialist Republics now provided for (a) value-added criteria at a level of up to 50 per cent of imported value; (b) the use of f.o.b. value as the single measure of export price; (c) full global cumulation; and (d) a uniform certificate of origin.

366. The spokesman for Group B stated that his Group considered the comprehensive review of GSP at the ninth session of the Special Committee on Preferences to be an important landmark in the history of GSP. It noted with satisfaction that the session of the Special Committee had ended on a positive note shared by everyone, in that a brain-child of the first Secretary-General of UNCTAD, Mr. Raúl Prebisch, conceived of as a pragmatic policy instrument to promote trade for development, had been growing steadily and could be expected to grow in full confidence.

367. At that session, the preference-giving countries members of Group B had reported on the operation and positive effects of their GSP schemes and on a number of improvements they had made to them. Indeed, the positive effects of their schemes were amply demonstrated by the significant growth of preferential imports, which had generally increased at a much higher rate than that of other categories of imports from beneficiaries. In effect, during the seven years of its operation for which statistics were available, preferential imports by OECD preference-giving countries had grown by a factor of 15, while their total imports from developing countries had grown five times. Furthermore, preferential imports by these OECD countries had grown from about \$1 billion in 1972 to approximately \$18 billion in 1979.

368. He recalled that the improvements introduced during the first 10 years of operation of GSP included not only the widening of product coverage and the granting of greater tariff cuts but also special benefits to the least developed countries and the harmonization, simplification and liberalization of rules of origin.

369. Recognizing the importance of the generalized, non-reciprocal and non-discriminatory system of preferences for promoting the trade and development of developing countries, Group B countries hoped that preference-giving countries and beneficiaries would join in efforts to ensure a more effective and broader utilization of the schemes. As agreed in paragraph 4 of the Committee's resolution 6 (IX), the preference-giving countries of Group B remained committed to a continuous improvement of their respective schemes in the light of experience gained, and in such improvement due emphasis would be given to the needs of those countries which had so far derived relatively little benefit from the preferences. His Group felt that the beneficiary countries, for their part, should continue to inform their producers and exporters about the possibilities offered by the system and help them fulfil the administrative requirements. In that respect, his Group noted with approval that the Special Committee had recommended a further extension, beyond 1980, of the UNCTAD/UNDP technical assistance project on GSP, whose achievements had been widely recognized.

370. He concluded that, although his Group recognized the importance of bilateral consultations on GSP matters in capitals of preference-giving and beneficiary countries, it hoped that the new system of plurilateral and confidential consultations introduced at the ninth session of the Special Committee would in the future be utilized with the participation of a larger number of countries.

371. The spokesman for the Group of 77 recalled that, at the last session of the Special Committee, his Group had made a comprehensive statement, which was reflected in extenso in paragraphs 19-29 of the Committee's report. His Group attached great importance to the recommendations made in that statement. Moreover, it considered that an important step forward had been taken at the last session of the Special Committee in pursuance of Board decision 179 (XVIII), according to which informal plurilateral consultations could be organized on individual schemes during the annual sessions of the Special Committee. His Group considered that there was scope for strengthening those plurilateral consultations further and to that end he urged that necessary preparations should be made by the UNCTAD secretariat and the preference-giving countries.

372. The representative of China recalled that at its last session the Special Committee had recognized that the objectives of GSP, as specified in Conference resolution 21 (II), had not yet been fully achieved. However, agreement had been reached to extend it and to conduct another comprehensive review in 1990. It was particularly gratifying to note that the Special Committee had spelt out the further improvements needed in the system so that its objectives could be achieved. Those improvements included the enlargement of the list of beneficiaries, an expanded coverage and deeper tariff cuts. He hoped that both the preference-giving countries and the UNCTAD/UNDP project would continue in their efforts in helping beneficiary countries to derive full benefits from the system. He also hoped that the rules of origin, which were quite complex and difficult to apply, would continue to be simplified; in that connexion, he supported the reconvening of the Working Group on Rules of Origin so that it could continue its task of further harmonization and simplification of origin rules.

Consideration in plenary

Action by the Board

373. At its 544th meeting, on 27 September 1980, the Board, in taking note of the report of Sessional Committee I, took note of the report of the Special Committee on Preferences on its ninth session and endorsed resolution 6 (IX) adopted by the Committee.

B. Financing related to trade
(Agenda item 9 (b))

1. Report of the Committee on Invisibles and Financing related to Trade on the first part of its ninth session

Consideration in Sessional Committee I

374. Introducing the report of the Committee on Invisibles and Financing related to Trade on the first part of its ninth session, 19/ the representative of the Secretary-General of UNCTAD stated that the Committee had dealt with four major items: international monetary reform; financial resources for development, focusing particular attention on the general review and monitoring of specific policy measures adopted pursuant to the recommendations contained in Conference resolution 129 (V); establishment of an export credit guarantee facility; and the requirements of an effective system of international financial co-operation.

375. As regards the question of international monetary reform, he stated that the Committee had reviewed, in a general way, the main developments in the area of international monetary issues.

376. As regards the general review and monitoring, the Committee for the first time had engaged in an in-depth examination of policy measures taken in response to resolution 129 (V), and the broad agreement which had resulted from such a review was contained in paragraph 46 of the Committee's report. The agreed conclusions reflected the fact that only a few developed countries had fully implemented the measures recommended by resolution 129 (V); on the other hand, the Committee had recognized that several Governments had not had enough time to consider the proposals made and to apply the appropriate measures required. The Committee had agreed to continue its review on the basis of more comprehensive information and had recommended the establishment of a sessional committee at its next session for that purpose.

377. On the question of enhancing the access of developing countries to international capital markets, he stated that the Committee had dealt with a proposal to establish multilateral guarantees to promote their access to private capital markets. In its decision 16 (IX), which requested the Secretary-General of UNCTAD to prepare and submit the necessary studies with recommendations, the Committee agreed to continue its deliberations on this matter.

19/ TD/B/821-TC/B/C.3/172 (provisionally circulated as TD/B/C.3(IX)(Misc.3)).

378. The third substantive item, on export credits as a means of promoting exports from developing countries, had been before the Committee and the Board for a number of years and a specific proposal, namely, the establishment of a multilateral export credit guarantee facility, had been examined in depth by experts and an intergovernmental group. The Sessional Committee which had examined the proposal had raised a number of technical issues and the Committee had concluded that the matter should be examined again at the technical level before a political decision could be taken. In decision 17 (IX) the Committee had requested the Secretary-General of UNCTAD, with the assistance of financial experts, to present possible detailed operational features of a proposed export credit guarantee facility for consideration by an intergovernmental group of experts to be convened by the Trade and Development Board.

379. With regard to requirements of an effective system of international financial co-operation, the Committee had considered a number of reports prepared by the UNCTAD secretariat and by experts which elaborated on certain ideas and themes that had been introduced for the first time at the fifth session of the Conference. In particular, the Committee had examined work relating to the interrelationship between capital flows from developed to developing countries and levels of economic activity and employment in developed countries. It had also examined the longer-term capital requirements of developing countries in the context of alternative assumptions about domestic performance and the external environment and, finally, it had considered a number of proposals and ideas relating to possible international measures for more automatic mobilization of international resources for development purposes, including the question of establishing an international tax for development finance. The Committee, which did not complete its deliberations on this item, agreed in resolution 18 (IX) that a major part of its future work should be devoted to further consideration of this subject-matter.

380. In conclusion, he referred to the view taken in the Committee that the time allocated to it had been too short to complete deliberations in depth on all items before it and its request to the Board at its twenty-first session, when considering the calendar of meetings, to set a date for the resumption of the Committee's work as early as possible, preferably in 1981.

381. The spokesman for the Group of 77 referred to paragraph 7 of Conference resolution 128 (V), on international monetary reform, in which the Conference invited the Secretary-General to maintain contact with the Managing Director of the International Monetary Fund and to report on the progress made in this area for the consideration of the Trade and Development Board on the earliest possible occasion. He requested the secretariat to provide the Committee with the report called for in that resolution; in his view, the report could be taken up under that part of agenda item 9 dealing with international monetary issues.

382. As to the annotated agenda for the resumption of the work of the Committee on Invisibles and Financing related to Trade, it was his Group's understanding that the Committee would resume, preferably in 1981, on the basis of the work it had begun but not completed. His Group wished to have it clear beyond doubt that the session which had been tentatively scheduled by the secretariat in the calendar of meetings in document TD/B/L.567 for 29 June-10 July 1981 would be a resumption of the ninth session.

383. Turning to resolution 18 (IX) adopted by the Committee, on the requirements of an effective system of international financial co-operation, he stated that his Group attached very great importance to continuing urgent work on this matter and it had been with that in mind that there was agreement in the Committee for a

resumption of the session. He also referred to General Assembly resolution 34/189, of 18 December 1979, which requested a report on the progress made on this item.

384. With regard to decision 16 (IX), on access to capital markets, he expressed the hope that at its resumed session the Committee would be able to make progress on this subject.

385. On the basis of decision 17 (IX), which established an intergovernmental group of experts on an export credit guarantee facility, he said the Secretary-General of UNCTAD should prepare, with the assistance of financial experts, detailed operational features of the proposed facility for consideration by the intergovernmental group of experts. His Group wished to place on record its appreciation to Group B on the understanding and the agreement to move expeditiously to a solution of this matter.

386. As to the provisional agenda, it was his Group's view that the agenda in the report would be the agenda for the resumed ninth session.

387. He felt that the agreed conclusions of the Committee on general review and monitoring required no further elaboration.

388. Referring to paragraph 49 of the Committee's report, and in the light of discussions which had been taking place in other forums, he said that the Group of 77 considered that, consistent with the understanding reached in his Group, references to developed creditor countries were without distinction as between developed market-economy countries and socialist countries of Eastern Europe. In other words, his Group made no distinction on the applicability of the official development assistance (ODA) target of 0.7 of GNP as between Group B and Group D countries.

389. Concluding, he stated that the analytical report on the transfer of real resources prepared by the UNCTAD secretariat and presented to the eleventh special session of the General Assembly (A/S-11/5/Add.2) should be referred to the Committee on Invisibles and Financing related to Trade when it resumed its work.

390. The spokesman for Group B welcomed the efforts of developing countries that were now in a position to assist the poorest among them and hoped that there would be an increase in the volume of aid and a constant improvement in its quality. His Group also wished to see the socialist countries of Eastern Europe make an increased effort that was expected from them under Conference resolution 129 (V). In this respect, he welcomed the statement by the spokesman for the Group of 77 that his Group made no distinction between the developed market-economy countries and the socialist countries of Eastern Europe with respect to the 0.7 per cent official development assistance target.

391. Concerning the proposal to establish an export credit guarantee facility for the benefit of all developing countries, he said the discussions at the first part of the ninth session of the Committee on Invisibles and Financing related to Trade had helped to clarify a number of points on which there was a measure of agreement in respect of certain objectives and attributes of a proposed facility. However, a number of technical problems remained to be resolved which Group B considered essential before any decision on the question of principle could be made. He stressed that the proposed intergovernmental group of experts should be open to participation by all States members of UNCTAD. He also welcomed the agreement reached in the Committee to the effect that the Committee should examine on an

over-all basis the different financial flows of developing countries, and recognize the importance of those flows for the growth of international trade and development of those countries. That examination would also facilitate the preparation of studies on the mobilization of an increased flow of resources to developing countries in which proper account would be taken of the stimulus which such a flow could provide to world economic activity. He added that the question of scheduling the next session of the Committee required further consultations among the regional groups.

392. The spokesman for Group D, in connexion with the agreed conclusions on financial resources for development (agenda item 4 of the ninth session of the Committee), referred to paragraph 47 of the report of the Committee and to paragraph 131 of part two of the report of the Conference on its fifth session, 20/ which reflected Group D's position on targets for the volume and conditions of assistance.

393. The representative of China said that his country supported the developing countries in their demand that all the developed countries increase their transfer of real resources to developing countries pursuant to resolution 129 (V). It was necessary to establish an equitable international system of co-operation on finance. That would contribute to co-operation between the developing and the developed countries in international trade and to co-ordination among the parties concerned. As to export credit as a means to promote the exports of the developing countries, he hoped that the Secretary-General of UNCTAD, assisted by financial experts, would at an early date present a detailed report on the export credit guarantee facilities to be examined by the expert group.

394. At the closing meeting, on 25 September, the Chairman said that a question had been raised about the interpretation of paragraph 148 of the report of the Committee on Invisibles and Financing related to Trade. After discussing the question with all groups, it was his understanding that the next session of that Committee devoted to money and finance would be the tenth session and would be scheduled in 1981, as requested by the Committee in the report on the first part of its ninth session. It was also his understanding that consideration would need to be given both to the date of the next session of the Committee, as shown in the calendar of meetings for 1981, and to the agenda as set out in annex IV of the report of the Committee. The agenda of the tenth session would have to take into account the fact that it had not been possible to give detailed consideration to agenda item 6 of the ninth session (Requirements of an effective system of international financial co-operation). It would also be necessary to take account of the work done under Conference resolution 128 (V). The changes in question would be discussed in the course of normal consultations within UNCTAD in preparation for the next session of the Committee. At an appropriate time, the Trade and Development Board would also decide whether or not the Committee would need to hold a resumed tenth session in 1982, in order to complete its work before the sixth session of the Conference.

20/ Proceedings of the United Nations Conference on Trade and Development, Fifth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.79.II.D.14).

395. On the basis of that understanding, the Sessional Committee took note of the report of the Committee on Invisibles and Financing related to Trade on the first part of its ninth session and endorsed resolution 18 (IX) adopted by the Committee (Requirements of an effective system of international financial co-operation), decision 16 (IX) (Access to capital markets) and decision 17 (IX) (Export credits as a means of promoting exports from developing countries). The Sessional Committee also took note of the financial implications of decision 17 (IX), as contained in annex II of the report of the Committee.

Consideration in plenary

Action by the Board

396. At its 544th meeting, on 27 September, the Board, in taking note of the report of Sessional Committee I, took note of the report of the Committee on Invisibles and Financing related to Trade on the first part of its ninth session, endorsed decisions 16 (IX) and 17 (IX) and resolution 18 (IX) adopted by the Committee and noted the financial implications of decision 17 (IX). For the statement of financial implications, see annex IV.

2. Report of the Ad hoc Intergovernmental High-level Group of Experts on the Evolution of the International Monetary System

Consideration in Sessional Committee I

397. Introducing this item, the representative of the Secretary-General of UNCTAD stated that the Ad hoc Intergovernmental High-level Group of Experts established under Conference resolution 128 (V) to examine fundamental issues in that area had convened in Geneva from 28 July to 5 August 1980. That explained why the Committee on Invisibles and Financing related to Trade, at the first part of its ninth session, had not discussed monetary issues in any detail. These issues were now before the relevant organs of the International Monetary Fund and the World Bank and would be discussed shortly by them.

398. The Chairman of the Ad hoc Intergovernmental High-level Group of Experts, introducing the report of the Ad hoc Group (TD/B/823), drew attention to the absence from its session of the countries of Group B (with the exception of Norway, present as observer), which the experts had unanimously regretted. He appreciated the presence of an expert from China, as an observer. The experts had been greatly impressed by the considerable amount of work already done in this field. He mentioned in particular the document entitled "Outline for a Programme of Action on International Monetary Reform", prepared by the Group of 24 on International Monetary Affairs of the Group of 77, the report of the Meeting of Experts of Developing Countries on the Reform of the International Monetary System, held in Abu Dhabi, United Arab Emirates, in June 1980, and the position paper presented to the Ad hoc Group by the experts from Group D. The Group of Experts had also made reference to the report of the South-North Conference on the International Monetary System and the New International Economic Order held at Arusha, United Republic of Tanzania (the Arusha Initiative).

399. There had been agreement among the experts on the following: (i) the present international monetary system was inequitable and inefficient and its radical reform was urgently needed; (ii) a reformed international monetary system should be

supportive of world trade, economic development and should ensure an adequate transfer of resources to developing countries; (iii) it should be characterized by universal participation; (iv) it should be based on internationally-created liquid assets and no national currency should be used as an international asset; (v) a reformed system should also redress the neglect of the needs of developing countries, as well as of the socialist countries, which characterized the present system.

400. The Group of Experts had recognized the existence and gravity of the special problems of the least developed countries, which should be adequately taken into consideration. The experts had emphasized the problem of the maintenance of the real value of financial assets of developing countries. He also mentioned the following issues for priority consideration, as stated in the report: (i) balance-of-payments support; (ii) increase in the capital base of multilateral financial institutions; (iii) the creation and distribution of international liquidity; (iv) transfer of real resources to developing countries. He recalled that the experts from socialist countries by and large had agreed with most of the points above, but felt that the proposals were addressed to the IMF-centred monetary system and to the developed market-economy countries. He considered that the meeting of the Group of Experts had been a very useful one and he looked forward to its consideration by the General Assembly. He hoped that the further studies requested in paragraph 102 of the report would be carried out expeditiously.

401. The spokesman for the Group of 77 noted the secretariat's suggestion that a second session of the Group of Experts be scheduled for 23-27 February 1981 and asked for the precise date to be decided and included in the calendar of meetings to be adopted by the Board. The countries of his Group attached the greatest importance to the participation of the countries of Group B in the discussion of the monetary issue. He hoped that the further studies requested in the report would be prepared expeditiously and would contribute to the elaboration of the programme adopted by the Group of 77 and known as the "Blue Book". When it had heard from the countries of Group B, the Group of 77 would add further comments to be submitted to the General Assembly, in pursuance of Assembly resolution 34/216.

402. He added that his Group took note of the report of the Group of Experts with appreciation.

403. The spokesman for Group D shared the concern expressed by the spokesman for the Group of 77 regarding the adverse effects of the present international capitalist monetary system on international economic relations. In the discussions in the General Assembly, it had been emphasized that the present system was basically conceived in the interest of the countries of Group B and their transnational corporations and that a radical reform was urgently needed in order to eliminate all forms of inequality in international economic relations. He emphasized that the world economy was facing very serious problems, such as rampant inflation, ever-growing balance-of-payments imbalances and the increasing external indebtedness of developing countries. The countries of Group D believed that UNCTAD, as the universal international organization, should deal with monetary problems in relation to traditional trade and development issues. They also believed that all countries should participate in the discussion of monetary issues within the Ad hoc Intergovernmental High-level Group of Experts on the Evolution of the International Monetary System convened in the framework of UNCTAD.

404. Replying to the spokesman for the Group of 77, the representative of the Secretary-General of UNCTAD stated that the UNCTAD secretariat had maintained contact with IMF in pursuance of Conference resolution 128 (V). That resolution, inter alia, asked the Fund to consider the UNCTAD proposals concerning a longer-term maturity facility designed to provide balance-of-payments support required for the programming of adjustment over longer periods. Those proposals were contained more specifically in the report by the UNCTAD secretariat submitted to the fifth session of UNCTAD 21/ and the UNCTAD/UNDP study on balance-of-payments adjustment in developing countries. 22/ The latter had been examined by the Group of 24 and the Interim Committee of IMF.

405. Following the adoption of resolution 128 (V), the Group of 24 had produced a document entitled "Outline for a Programme of Action on International Monetary Reform", which had been endorsed by the Group of 77 at Belgrade (the "Blue Book"). That document had been submitted to the United Nations and other organizations, including IMF, and the recommendations of resolution 128 (V) were included in it.

406. He added that the recommendations contained in those documents concerning the longer-term financial facility had been examined by a number of organizations and were the subject of study by the International Monetary Fund. The UNCTAD recommendations concerning a longer-term financial facility dealt more specifically with the following questions: (i) the lengthening of the maturity; (ii) the modification of restrictions of the availability of the facility; (iii) the setting of conditionality criteria having regard to the causes of external imbalances; (iv) the reform and increase of the compensatory financing facility; (v) the establishment of an interest subsidy account for developing countries. The report of the IMF staff on these and related issues would be submitted to the Interim Committee and to the Development Committee. Prior to this, the Group of 24 would meet and consider these issues. The Secretary-General of UNCTAD would attend these meetings and report to the Board.

407. The representative of Qatar said that, in spite of the fact that his country had not taken part in the Ad hoc Intergovernmental High-level Group of Experts on the Evolution of the International Monetary System, his country endorsed fully the position of the Group of 77 as spelled out in the report of the Group. The absence of an expert from his country at that meeting had been due to lack of documentation prepared by the UNCTAD secretariat, in particular as regards the question of the maintenance of the real value of the financial assets of developing countries. The latter question was mentioned in Conference resolution 128 (V) and he was confident that the UNCTAD secretariat would co-operate in undertaking a study and submitting a concrete recommendation on this issue in order to enable his country to take part in future meetings within UNCTAD on monetary and financial issues.

21/ "International monetary issues: report by the UNCTAD secretariat" (TD/233), reproduced in Proceedings of the United Nations Conference on Trade and Development, Fifth Session, vol. III, Basic Documents (United Nations publication, Sales No. E.79.II.D.16).

22/ The balance-of-payments adjustment process in developing countries: Report to the Group of Twenty-four (New York: Pergamon Press, 1980).

408. The representative of China stated that the reform of the international monetary system was a question of great concern to many countries. Great changes had taken place internationally in the political and economic fields since Bretton Woods. Having gained their political independence, the third world countries had dedicated themselves to developing their national economies and had played an increasingly important role in international economic affairs. Those countries had become an important force in the establishment of the new international economic order. The international monetary system set up more than 30 years earlier no longer reflected the changed contemporary situation; nor did it meet the needs of the third world countries in developing their economies. It was therefore necessary to reform the present international monetary system so as to facilitate the development of the world economy and trade, particularly that of the developing countries.

409. In his view, the stability in the international financial situation had an important bearing on world economic and trade development. The current instability in that area had had extremely adverse effects on the international economy and trade and had caused great difficulties to the developing countries. In order to reform the international monetary system, it was necessary to establish a relatively stable international monetary system which reflected the changed global economic situation and which was in conformity with the establishment of the new international economic order. The creation and distribution of liquidity should serve to meet development needs and provide more funds for assisting and facilitating the development of the developing countries.

410. The democratization of the decision-making process in the international financial institutions was an important issue. The present process of decision-making in this regard did not reflect the current situation. In his view, all important issues relating to international financial and monetary problems should be discussed and decided on by all countries concerned, on a mutual basis of equality. The unreasonable rules and regulations of international financial institutions should be changed and the developing countries should fully participate in the decision-making in this regard.

411. The representative of Saudi Arabia said that his country had not taken part in the intergovernmental group of experts. It had been hoping for a study on the maintenance of the real value of financial assets of developing countries, but that study had not been provided. He asked the UNCTAD secretariat to prepare such a study in pursuance of paragraph 102 (iii) of the report of the Group of Experts.

412. The spokesman for the Group of 77 expressed appreciation of the oral report by the representative of the Secretary-General of UNCTAD in pursuance of resolution 128 (V). He hoped that in future such a report would be provided in writing and circulated before the session of the Board, together with the secretariat's own analysis of the situation.

413. At its closing meeting, the Session Committee took note of the report of the Ad hoc Intergovernmental High-level Group of Experts on the Evolution of the International Monetary System (TD/B/823) which, in accordance with General Assembly resolutions 34/196 and 34/216, was to be transmitted to the General Assembly at its thirty-fifth session.

414. The spokesman for Group B recalled that, when resolution 128 (V) had been adopted at Manila, reference had been made to the Ad hoc Intergovernmental High-

level Group of Experts in a statement on behalf of the majority of countries members of Group B, as well as in statements by some individual Group B countries. The positions of the members of Group B had been reiterated at subsequent UNCTAD meetings and remained essentially unchanged. Most members of Group B considered the resolution to call in question, in certain of its provisions, the autonomy, competence and statutes of IMF. Most members of the Group would not be able either to support the continuation of the work of the Intergovernmental Group of Experts or to participate in it. Most members of Group B also doubted the usefulness of studies by the UNCTAD secretariat on the international monetary system, and in particular on such topics as the role of gold in the international monetary system and the use of the special drawing right as a reserve asset. Those matters were, in their view, outside the mandate of UNCTAD, and duplicative of the work of the Committees of IMF and the World Bank. Group B recalled in that connexion that the problems of special interest to the developing countries in that field were under active consideration in the competent institutions. The Development Committee and the Interim Committee, which were to meet in the week following the current session of the Board, would deal with a progress report on an examination of the Group of 24 programme of immediate action. It was accepted that certain monetary questions, as they related to trade and development, would continue to be dealt with in UNCTAD. A few members of Group B, however, pointed to the intimate relationship between many aspects of international economic issues, including monetary questions, and the usefulness of further consideration in UNCTAD of those broader aspects while respecting fully the role of IMF.

415. The spokesman for the Group of 77 said that the statement by the spokesman for Group B had given his Group cause for great regret. The Group of 77 was deeply sorry that Group B's position remained essentially unchanged, and regretted that most members of Group B would not be able to support the continuation of the work and to participate in it. His Group had hoped that Group B would have left the door open for further reflection, and did not accept the view that the studies requested by the Intergovernmental Group of Experts would not be useful.

416. His Group believed that, while problems of special interest to developing countries were under active consideration in the competent institutions, it was in UNCTAD that the broader aspects must be examined and, in that respect, it shared the view expressed on behalf of a few members of Group B that there was an intimate relationship between many aspects of international economic issues, including monetary and financial questions, and the usefulness of further consideration in UNCTAD of these broader aspects of trade and development while, at the same time, fully respecting the role of IMF in its sphere of competence.

417. The Group of 77 was thus looking forward to the consultations within UNCTAD on the calendar of meetings with respect to the resumption of the work of the Intergovernmental Group of Experts, and it was confident that the report of that Group, when completed, would make a significant contribution to structural changes in the global economy and to the important part that monetary and financial questions played in such structural reforms.

418. He recalled the testimony in the United States Congress in 1964 by an eminent person in the United States, now a senior member of the Government, with regard to the establishment of a group of experts on international monetary reform within UNCTAD. He noted that this official at that time had felt that a carefully conceived study by representatives of developing countries and developed countries together, under the auspices of the Trade and Development Board, could be very

helpful in guiding anything that a more limited group of countries undertook, whether through Working Party No. 3 of OECD or through the Group of Ten. The same person had also stated that he could accept a preparatory commission for an international monetary conference and that UNCTAD could serve as the basis for that preparatory work. He had drawn attention to those remarks because the Group of 77 felt that the countries referred to as "most members of Group B" had perhaps misunderstood the thrust of the Group of 77 within UNCTAD. His Group was seeking a broad range of reforms in the areas of trade, money, finance and development, and it felt that UNCTAD ought to discharge those responsibilities within its sphere of competence.

419. He added that, since the inception of UNCTAD, international monetary issues had been part of its deliberations. In 1964, the Conference had adopted General Principle Eleven which stated, *inter alia*, that international financial and monetary policies should be designed to take full account of the trade and development needs of developing countries. At that time, a number of recommendations had been made on international monetary issues, the compensatory credit system of IMF, supplementary financial measures, and the participation of developing countries in the activities of the international, financial and monetary institutions; moreover, it was recognized that the deliberations in UNCTAD had contributed to the evolution of the international monetary system and the way that system operated. He recalled that, at its twenty-first session, the General Assembly had adopted unanimously resolution 2208 (XXI) of 17 December 1966 on international monetary reform. Among other things, it had requested the Secretary-General of UNCTAD to consult with the Managing Director of IMF on the progress of activity related to international monetary reform and to report to the Trade and Development Board. He also recalled the resolutions adopted at other sessions of the Conference on various monetary and financial questions. At its second session, the Conference had adopted resolution 30 (II) on supplementary financial measures and resolution 31 (II) on a compensatory financial facility. Subsequently, the Board at its eighth session, by its resolution 55 (VIII) of 7 February 1969, requested the convening of a group of experts in their personal capacity on issues relating to development finance and trade of developing countries. Such a group had met in 1969 and prepared a report on international monetary reform and co-operation for development. ^{23/} At its third session the Conference had adopted resolution 84 (III) of 21 May 1972 on the international monetary situation, which, among other things, introduced the concept of interdependence and requested the Secretary-General of UNCTAD to consult the Managing Director of the International Monetary Fund and the Director-General of GATT on ways in which problems in the monetary, trade, and finance spheres could be resolved in a co-ordinated manner. Also at its third session the Conference had adopted resolution 58 (III) of 19 May 1972 on compensation for losses occasioned by the realignments of major currencies. He also recalled that a number of draft resolutions had been submitted by the Group of 77 at the fourth session of the Conference for negotiations on monetary issues, including one entitled "The exceptional balance-of-payments deficit of developing countries" (TD/L.126) and another entitled "International monetary reform, with particular reference to developing countries" (TD/L.127). On that occasion, Group B had also submitted a draft resolution, entitled "Measures to improve the international financial and monetary situation" (TD/L.134).

^{23/} International monetary reform and co-operation for development. Report of the Expert Group on International Monetary Issues (TD/B/285/Rev.1) (United Nations publication, Sales No. E.70.II.D.2).

Unfortunately no agreement had been reached on that occasion. ^{24/} He recalled that at its fifth session the Conference had, under its agenda item 12 ("Monetary and financial issues"), adopted resolution 128 (V) on international monetary reform which, among other things, had set up an Ad Hoc Intergovernmental High-level Group of Experts on the Evolution of the International Monetary System. More recently, the General Assembly, in its resolution 34/216, had asked for work to be completed on the study of the Intergovernmental Group of Experts.

420. He assured Group B that the door was always open for a full and frank exchange of views within the Intergovernmental Group of Experts. It could only be to the benefit of the international community if that group had the benefit of the participation of experts from Group B countries.

Consideration in plenary

Action by the Board

421. At its 544th meeting, on 27 September 1980, the Board, in taking note of the report of Sessional Committee I, took note of the report of the Ad hoc Intergovernmental High-level Group of Experts on the Evolution of the International Monetary System (TD/B/823) which, in accordance with General Assembly resolutions 34/196 and 34/216, was to be transmitted to the General Assembly at its thirty-fifth session.

C. Shipping (Agenda item 9 (c))

Consideration in Sessional Committee I

422. The Chairman of the Committee on Shipping described the heavy agenda of that Committee at its ninth session, which had just concluded. The agenda comprised 14 items, dealing with subject-matters of a complex, diverse and intricate nature. The Committee had nevertheless been able to take positive steps in a number of areas of major concern to developing countries. Five resolutions and two decisions had been adopted by consensus. A further decision, on port problems (decision 35 (IX)), had been adopted by a vote, in which only one country had abstained, for a reason that could be considered a technical one, and none had voted against. He drew attention to the note by the UNCTAD secretariat (TD/B/L.568) on matters arising from the Committee's ninth session which required action by the Board.

423. The Sessional Committee took note of the note by the UNCTAD secretariat (TD/B/L.568) and endorsed the resolutions and decisions adopted by the Committee on Shipping at its ninth session which were annexed to it. ^{25/} The Committee also

^{24/} For the texts of these three draft resolutions, see Proceedings of the United Nations Conference on Trade and Development, Fourth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.76.II.D.10 and corrigendum), annex I.

^{25/} Resolution 41 (IX) on open-registry fleets; resolution 42 (IX) on merchant fleet development; resolution 40 (IX) on elections to membership of the Working Group on International Shipping Legislation; decision 36 (IX) on multimodal transport.

took note of the financial implications of two of the resolutions (annex V of the note). The Committee noted that the report of the Committee on Shipping on its ninth session would be available to the Board at its twenty-second session. 26/

Consideration in plenary

Action by the Board

424. At its 54th meeting, on 27 September 1980, the Board, in taking note of the report of Sessional Committee I, endorsed resolutions 40 (IX), 41 (IX) and 42 (IX) and decision 36 (IX) adopted by the Committee on Shipping at its ninth session, noted the relevant financial implications (see annex IV), and noted that the report of the Committee on its ninth session would be available to the Board at its twenty-second session.

D. Economic co-operation among developing countries (Agenda item 9 (d))

Consideration in Sessional Committee I

425. In the absence of the Chairman of the Committee on Economic Co-operation among Developing Countries, the report of the Committee on its first special session 27/ was introduced by the representative of the Secretary-General of UNCTAD. He recalled that the first special session of the Committee had been convened, in accordance with paragraph 12 of Conference resolution 127 (V), to examine the studies carried out by the UNCTAD secretariat pursuant to the Committee's resolution 1 (I) and to assess the work, in particular, on the priority areas referred to in paragraph 13 of resolution 127 (V), to consider the proposals of the developing countries in those priority areas and to take appropriate action in keeping with its mandate. He drew attention to the draft decision submitted by the Group of 77 and the draft resolution submitted by Group B which were annexed to the report of the Committee.

426. He also drew attention to paragraph 15 of Conference resolution 127 (V) which, inter alia, requested the Board to decide on the convening of future meetings of governmental experts of developing countries, as well as of other countries, if they so wished, on specific aspects of economic co-operation among developing countries.

427. In the discussion of this item, the spokesman for the Group of 77, while referring to the report of the Committee on Economic Co-operation among Developing Countries and its annex, drew attention to the recognition accorded in General Assembly resolution 34/202 of 19 December 1979 to economic co-operation among developing countries as a key element in the strategy of collective self-reliance. He emphasized the importance attached by States members of the Group of 77 to economic co-operation among developing countries as a basic component of their efforts towards the establishment of a new international economic order. He

26/ The report of the Committee on Shipping on its ninth session (TD/B/825-TD/B/C.4/216) will be circulated in provisional form as TD/B/C.4(IX)/Misc.3.

27/ TD/B/816-TD/B/C.7/44 (provisionally circulated as TD/B/C.7(S-I)/Misc.2 and Corr.1).

reiterated the highest priority accorded by the Group of 77 to fulfil thoroughly the goals of such economic co-operation based, inter alia, on the Mexico City Programme, the Arusha Programme for Collective Self-Reliance and Framework for Negotiations and the pertinent General Assembly, Conference and Board resolutions, in particular Conference resolution 127 (V), Board decision 142 (XVI) and resolution 1 (I) of the Committee on Economic Co-operation among Developing Countries.

428. He noted that the first special session of the Committee on Economic Co-operation among Developing Countries had been convened to examine the studies carried out by the UNCTAD secretariat pursuant to resolution 1 (I) of that Committee, to consider the proposals of developing countries and take appropriate action in keeping with its mandate. The relevant proposals and recommendations of the Group of 77, as contained in chapter II of the report of the Preparatory Meeting of Governmental Experts of Developing Countries on Economic Co-operation among Developing Countries (TD/B/C.7/39), had accordingly been put before the first special session of the Committee with a view to enabling it to draw up a set of specific recommendations for further implementation in the three priority areas, namely, the global system of trade preferences among developing countries, co-operation among State-trading organizations of developing countries and the establishment of multinational marketing enterprises among developing countries. The reports of the African, Asian and Latin American regional meetings, which had preceded the preparatory meeting, provided the basic background material.

429. As reflected in its report, the preparatory meeting had concentrated on the three priority areas as well as on the support measures required for the implementation of the programmes on economic co-operation among developing countries. On the matter of institutional arrangements, the preparatory meeting had agreed on the establishment of a committee on the global system of trade preferences and had requested the UNCTAD secretariat to continue providing studies and action-oriented suggestions, as well as technical support, including conference and secretariat facilities, for the implementation of the global system of trade preferences and the establishment of State-trading organizations and of multinational marketing enterprises. Information had been given to the Committee at its special session about the establishment of a committee on the global system of trade preferences, its terms of reference and its schedule of meetings, and, in that context, a request had also been made for technical support from UNDP, UNIDO, GATT, the International Trade Centre UNCTAD/GATT and other organizations, within their respective areas of competence.

430. The Group of 77 had also emphasized at the special session that, although the preparatory meeting had concentrated mainly on the three priority areas, that could not be interpreted to the detriment of rigorously pursuing the work being carried out by the UNCTAD secretariat in other areas of economic co-operation among developing countries, as outlined in Committee resolution 1 (I), as well as in Conference resolution 127 (V), paragraph 16. He reiterated the satisfaction expressed by his Group at the preparatory meeting at the adoption of Board resolution 216 (XX), which decided "that a total of up to four weeks of meetings be allocated to economic co-operation among developing countries in order to convene and organize between the twentieth and twenty-first session of the Trade and Development Board, as required, future meetings of governmental experts of regional groups, in particular of developing countries", which would be used to initiate the implementation of the measures related to the establishment of the global system of trade preferences.

431. He further reiterated the views expressed by his Group at the first special session of the Committee that, since the adoption of resolution 1 (I), the UNCTAD secretariat had undertaken a comprehensive programme of studies in the fields of the global system of trade preferences, State-trading organizations and multinational marketing enterprises which had been extremely useful and had made a major contribution to the elaboration and elucidation of the issues involved and to the formulation of ideas on the basis of which economic co-operation among developing countries could proceed. The significant advances which the developing countries had been able to make in the formulation and implementation of their programmes of economic co-operation had been due in no small measure to the comprehensiveness and soundness of those studies.

432. He recalled that, while the Group of 77 had expressed its appreciation for the very valuable and comprehensive studies by the UNCTAD secretariat, it had also stressed that the UNCTAD secretariat had fully responded to the requests made in resolution 1 (I) of the Committee, Conference resolution 127 (V) and relevant resolutions of the General Assembly. He reiterated the acknowledgement then expressed by the spokesman for the Group of 77 to UNDP for its financial support for consultants' studies, which constituted a valuable contribution to the programme of studies in the priority areas of economic co-operation among developing countries, and the readiness expressed by his Group to participate in a constructive spirit in the deliberations of the Committee, as well as to welcome any contribution that the developed countries were willing to provide in support of economic co-operation among developing countries. He recalled the deep regrets expressed by his Group at the closing meeting of the Committee, since the deliberations of the Committee had ended in failure.

433. Referring to the events following the first special session of the Committee, he deeply regretted the postponement of the meeting scheduled to take place from 18 to 29 August 1980, which had been due to the fact that the documentation which the secretariat had undertaken to prepare for that meeting had not been available at the proper time; the Group of 77 had attached great importance to that documentation and to its availability in capitals before the meeting. He indicated that, at the request of the Group of 77, the UNCTAD secretariat had agreed to reschedule the four weeks of meetings in the calendar of meetings, subject to approval by the Board at the current session.

434. He further stated that the Group of 77 did not wish, for the time being, to request additional support from the Board, since Conference resolution 127 (V) and other pertinent General Assembly and Board resolutions and decisions, particularly General Assembly resolution 34/202, had granted wide and thorough support to the Group of 77 to implement fully its programme on economic co-operation among developing countries. As soon as the Committee on the global system of trade preferences was established and the necessity of new specific support arose for the implementation of selected parts of the global system of trade preferences programme, the Group of 77 would ask for additional assistance from the Board. Upon the aforementioned basis, he expressed the confidence of his Group for a positive response.

435. At its closing meeting, the Sessional Committee took note of the report of the Committee on Economic Co-operation among Developing Countries on its first special session.

436. The spokesman for the Group of 77 stated that his Group's position on the question of economic co-operation among developing countries continued to be as set out in paragraphs 427-434 above and requested that this position be taken into account in any further consideration of the question.

437. The spokesman for Group B, speaking on behalf of all Group B countries except Turkey, said that the countries of his Group had noted with great interest the statement by the Secretary-General of UNCTAD, in his opening address at the current session, that he expected economic co-operation among developing countries to be a priority field of work for UNCTAD over the coming years. Members of his Group agreed that this was indeed an area of work which should receive major attention. It was a field which held considerable promise for the development of the developing countries and which needed the active support of all members and groups in UNCTAD. It was on that point, however - the need for support from all members and groups - that Group B had found difficulty with developments to date. It had noted before the present session that its support for further work on economic co-operation among developing countries in this respect must proceed on the basis of the participation of all States members of UNCTAD, and their association in the decision-making process. Group B could not agree to procedures which would attempt to limit the discussion of and documentation on the substantive issues involved to the members of one caucus group, or to make participation by developing countries subject to the definition of that group. His Group must stress its firm attachment to the principles of sovereign equality and universality on which all activities of UNCTAD must be based. It regretted that problems regarding those basic principles had recently hampered the substantive work on economic co-operation among developing countries on a universal basis; with appropriate respect for those basic principles of the United Nations, work on economic co-operation among developing countries should be able to resume. Group B therefore proposed that the Committee on Economic Co-operation among Developing Countries should hold a regular session before the end of 1981.

438. The representative of Turkey said that his country's position on economic co-operation among developing countries had been stated on several occasions during earlier work by the UNCTAD secretariat on the subject. He wished to make it clear once again that his country attached special importance to such co-operation and would like to continue to contribute actively to it. In that spirit, his delegation was prepared to support any proposal that was in accordance with Conference resolution 127 (V), which had been adopted by consensus. In that connexion, he drew special attention to paragraph 2 (b) of the resolution, which stated that economic co-operation should be devised and implemented by the developing countries, and paragraph 15, which provided for the convening and organization of future meetings of governmental experts of developing countries.

439. The spokesman for Group D recalled that during the past three years the UNCTAD secretariat had carried out extensive research in such areas as the establishment of a global system of trade preferences, co-operation among State-trading organizations and the establishment of multinational marketing enterprises. That research was gratifying. Although at the special session of the Committee on Economic Co-operation among Developing Countries there had been certain differences of opinion concerning the prospects for development of economic co-operation among developing countries and its various elements, and although at that session it had proved impossible to adopt an agreed decision on the problems considered, work in this area could be continued because, in the opinion of Group D, the expansion of the developing countries' possibilities of participating on an equal

footing in the international division of labour, benefiting from its advantages for their economic development, effecting socio-economic changes, developing mutually profitable co-operation in foreign trade, and so forth, depended to a large extent on finding favourable solutions to the problems of economic co-operation among developing countries within the United Nations system.

440. He added that the countries of Group D had already expressed their positions on all the questions considered and once again confirmed that the socialist countries had always supported and continued to support the developing countries in their activities towards the strengthening of their mutual economic co-operation, including the progressive orientation of the integration processes taking place among them, on the understanding that those processes must not result in the self-isolation of the developing countries and that trading conditions for the socialist countries must be no worse than for third countries.

441. Recognizing the need to continue the search for new forms of economic co-operation among developing countries, the countries of Group D nevertheless considered it necessary to carry out this activity within the context of already-established organizational structures, strictly respecting the principle of the universality of the United Nations, and avoiding an unjustified increase in UNCTAD's budgetary expenditure.

442. The representative of Israel said that, as a developing country, Israel's position in support of economic co-operation among developing countries was well known. It maintained that activities and programmes on economic co-operation among developing countries within the framework of UNCTAD should be open to participation by all developing countries on the basis of the principles of sovereign equality and universality.

Consideration in plenary

Action by the Board

443. At its 544th meeting, on 27 September 1980, the Board, in taking note of the report of Sessional Committee I, took note of the report of the Committee on Economic Co-operation among Developing Countries on its first special session.

E. Medium-term plan and programme budget (Agenda item 9 (e))

Consideration in Sessional Committee I

444. The Chairman of the Working Party on the Medium-term Plan and the Programme Budget introduced the report of the Working Party on its second session (TD/B/WP/L.3, as amended and completed by TD/B/L.570). ^{28/} He noted that the Working Party had for the first time studied the feasibility, as well as the

^{28/} The report of the Working Party on its second session will be circulated in provisional form as TD/B/WP(II)/Misc.2 and subsequently printed as part of the Official Records of the Board (TD/B/826).

procedural and methodological aspects, of programme evaluation in relation to the work of UNCTAD. In its consideration of this subject the Working Party had benefited from the participation of the Chief of the Evaluation Unit, Office for Programme Planning and Co-ordination, at United Nations Headquarters and of the representatives of the UNCTAD secretariat. Since it had not been possible to prolong further its session, the Working Party had decided to annex to its report the draft conclusions submitted by Group B (TD/B/WP/L.4) and the draft conclusions submitted by the Group of 77 (TD/B/WP/L.5).

445. He personally thought that the time had come for the Working Party to deal with the question of programme evaluation with a view to ensuring a rational and proper use of resources. While he recognized that there was no generally accepted methodology for programme evaluation and that the UNCTAD secretariat lacked experience in this field, he felt that the Working Party could benefit from the relevant experience of the Evaluation Unit and of certain organizations such as the International Labour Organisation. Programme evaluation was an activity that should be developed throughout the United Nations system.

446. Referring to item 4 of the Working Party's agenda, which related to future medium-term plans, he said that the Working Party had examined the recommendations made by the Committee for Programme and Co-ordination (CPC) on the basis of the model plan on commodities. Although it had not been possible in the time available for the Working Party to reach over-all agreement on this item, there had been some agreement regarding the principles and guidelines for medium-term planning established by the General Assembly in resolution 34/224. The Working Party had also considered that the CPC recommendations, if applied, would strengthen the UNCTAD medium-term planning exercise.

447. The spokesman for Group B stressed the general agreement reached by the Working Party on the importance of further development of programme evaluation as an integral part of programme management by decision-making bodies and the UNCTAD secretariat. Members of Group B had drawn the attention of the secretariat to the views expressed by members of CPC and the Working Party on the co-ordination within UNCTAD and between UNCTAD and other United Nations bodies of the activities of the Manufactures Division; on steps to be taken to develop an internal evaluation system for UNCTAD; and on guidelines for future medium-term plans, in which a close link with the programme budget and priorities should be clearly established and activities of marginal utility should be identified.

448. With regard to the draft conclusions, he said his Group believed that there were only minor differences between the versions submitted by the Group of 77 and by Group B. Furthermore, it understood that the views of Group D and China were also very close and that a consensus had been emerging towards the end of the session of the Working Party. He therefore hoped that it would be possible for the Sessional Committee to prepare a draft decision for adoption by the Board by merging common elements in the two draft conclusions.

449. The spokesman for the Group of 77 said that he appreciated the suggestion for pursuing negotiations relating to the matters which had been considered by the Working Party.

450. The spokesman for Group D stated that the methods used in the report on programme evaluation which had been reviewed by the Working Party seemed rather to be those of a programme review, indicating the need for further improvement in

methodology, though evaluation activities in UNCTAD should continue meanwhile. That would include close co-operation with the Office for Programme Planning and Co-ordination in New York in further improving the methodology of programme evaluation for certain types of programme activities. He added that in programme evaluation particular attention should be given to the balance between costs and results, and to evaluating the effectiveness of the translation of the decisions of intergovernmental bodies into programme activities.

451. With regard to the model plan on commodities, he reiterated that each text at the programme level should begin by setting out the general orientation and main features of the programme; that the subprogramme structure should be based on the objectives of the programme, and not the administrative structure of the secretariat; that objectives for intergovernmental action and for secretariat action should be clearly distinguished, concrete and time-limited; that there should be a close link between the medium-term plan and the programme budget; and that subprogramme planning priorities should be clearly established. He stressed that more attention should be given to indicating the main directions of work, for example, in the field of manufactures, to the elimination of trade obstacles and protectionism and the removal of restrictive business practices. Group D regretted that the session of the working group had taken place so late, immediately prior to the opening of the twenty-first session of the Board. That had unfortunately prevented a thorough examination of its report in the respective capitals. It was ready to co-operate in seeking to reach agreement on a single text for the draft conclusions.

452. At its closing meeting the Sessional Committee took note of the report of the Working Party on the Medium-term Plan and Programme Budget on its second session.

453. The spokesman for the Group of 77 said he wished to emphasize the importance attached by his Group to the subject and regretted that it had not been possible to make more progress in the Working Party. While some advances had been made, the subject was a relatively new one and a great deal still remained to be done. It was desirable for delegations to strengthen their participation in considering it. The Group of 77 had approached the subject with an open mind and in a keen spirit of co-operation. Its position had been set out in document TD/B/WP/L.5, which was being annexed to the report.

454. The spokesman for Group B stated, in reply to the spokesman for the Group of 77, that the countries members of Group B fully concurred in the hopes expressed that further work on programme evaluation would have a successful outcome and in the importance attached to this exercise by the Group of 77. He observed that the question of programme evaluation also fell under item 6 of the Board's agenda, which was being considered by the Working Group on Rationalization, and Group B hoped that a useful agreement would be reached on the paragraph relating to programme evaluation. Depending on the results of the work being carried out on the rationalization of UNCTAD's machinery, and particularly the question of programme evaluation, Group B might revert to the question, in consultation with other regional groups, when the report of Sessional Committee I was considered by the Board in plenary. He hoped that the matter would be settled in a satisfactory manner in the working group.

Consideration in plenary

Action by the Board

455. At its 544th meeting, on 27 September 1980, the Board, in taking note of the report of Sessional Committee I, took note of the report of the Working Party on the Medium-term Plan and the Programme Budget on its second session.

CHAPTER VII

OTHER PARTICULAR MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT

(Agenda item 10)

A. Export promotion: report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its thirteenth session

(Agenda item 10 (a))

456. The report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its thirteenth session (ITC/AG(XIII)/68 - circulated under cover of TD/B/819) was introduced by the representative of Norway, in his capacity as Chairman of the Joint Advisory Group. He stated that during the first year of the Centre's first medium-term programme (1979-1981), the global targets for programme implementation for 1979 had been exceeded, actual delivery having amounted to \$13.6 million, as against the target of \$13.3 million. Of that amount, trust funds had accounted for \$10.3 million and UNDP funds for \$3.3 million. Technical co-operation with all regions had shown an increase in 1979. Europe, the Mediterranean and the Middle East showed the largest growth, followed by Africa, Latin America and Asia and the Pacific.

457. The share of UNDP in the total programme was growing, but the bulk of activities were still financed from trust funds. The principal donor countries had urged the Centre to seek increased UNDP financing and suggested that it take a more active part in programming missions for the next UNDP programming cycle. It was therefore important to the Centre to know to what extent Governments of developing countries, when planning the utilization of UNDP resources at their disposal, considered trade promotion among their priorities.

458. The Centre was continuing its efforts to assist export marketing in the least developed countries through its special programme for those countries. Its programme of technical co-operation with national chambers of commerce after the preparatory work undertaken in 1979, which included an International Symposium in New Delhi jointly sponsored by the Centre and the International Chamber of Commerce, had been endorsed by the Joint Advisory Group, and the Centre was continuing to follow up the proposals emanating from the symposium. 1979 had seen the reactivation of a programme on import operations and techniques, which the Centre hoped to develop during the coming years. It did not include assistance on the importation of bulk commodities, but was intended to give guidance on import procedures and techniques; strengthen institutions dealing with imports; train relevant staff and provide information on sources of procurement of products of import interest to developing countries.

459. The Centre had secured the services of new advisers in trade fairs, exhibitions and export publicity, expert costing and pricing and quality control. Based on the work undertaken in connexion with the main topic for discussion at the ninth session of the Technical Committee (manpower development), the Centre's Office

for Training Activities had developed a new strategy in research and developing, approved by the Joint Advisory Group, which involved a switch from direct training activities towards research and development in training methods and materials. The Centre continued to work closely with United Nations bodies dealing with complementary activities, in particular FAO and UNIDO. Contacts established in 1978 with the Commission of the European Communities were being pursued in order to ensure better co-ordination of technical assistance activities of the two organizations.

460. The spokesman for the Group of 77 noted that the Centre had been successful over the past several years in assisting developing countries to build up their export infrastructures and hoped that those activities would continue to expand. In particular, he saw merit in up-dating its guides and studies on export possibilities for developing countries in the markets of developed countries.

461. The representative of Finland, speaking also on behalf of Denmark, Norway and Sweden, said that the Nordic countries recognized the critical importance of export growth for developing countries and believed that trade promotion activities were an essential complement of trade policy measures for export expansion. He stressed the Centre's focal role in technical co-operation in trade promotion within the United Nations system, and expressed satisfaction with the increasing priority given to the least developed countries, including the programme on import operations and techniques. Stating that the least developed countries were still failing to draw full benefits from trade liberalization, he referred to the training courses offered by GATT with the participation of the Centre, which were helpful in this regard. He also referred to the joint training events, organized yearly by the Centre in co-operation with the import opportunity offices in the Nordic countries, for commercial attachés accredited in those countries, as a means to remedy that situation.

462. He added that the Nordic countries were satisfied with the increasing share of UNDP in the financing of the Centre's programme, particularly since they were the largest trust fund contributors to the Centre and also major contributors to UNDP. He hoped, however, that the result would not be a declining interest of trust fund contributors in the financing of the Centre's programme, but an over-all strengthening of its financial position in order to enable it to discharge more effectively its responsibilities as the United Nations focal point for technical co-operation in trade promotion.

Action by the Board

463. At its 542nd meeting, on 19 September, the Board took note of the report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its thirteenth session, as well as of the comments made thereon.

B. Progressive development of the law of international trade:
thirteenth annual report of the United Nations Commission
on International Trade Law

(Agenda item 10 (b))

464. For the consideration of this item the Board had before it the report of the

United Nations Commission on International Trade Law (UNCITRAL) on the work of its thirteenth session, 29/ which had been circulated under cover of TD/B/824.

Action by the Board

465. At its 543rd meeting, on 24 September, the Board took note of the report of UNCITRAL on its thirteenth session.

C. Trade and development aspects of disarmament

(Agenda item 10 (c))

466. Opening the discussion on this subitem, the representative of the Secretary-General of UNCTAD recalled decision 170 (XVIII) of the Trade and Development Board in which the Board recommended that the Secretary-General of UNCTAD should establish as soon as possible close working contacts with the United Nations Group of Governmental Experts on the Relationship between Disarmament and Development. Pursuant to that decision, the secretariat had initiated and maintained contacts with the Group of Experts, and had been represented at sessions of the Group. The UNCTAD secretariat had also participated at the Ad hoc Interagency Meeting on Co-ordination of Disarmament-related Activities within the United Nations system. The Group of Governmental Experts was currently holding its seventh session in Geneva and was considering a draft of the preliminary outline of its final report on the relationship between disarmament and development. It intended to discuss some 24 out of 45 commissioned research projects, which would serve as a basis for its final report for submission to the General Assembly at its thirty-sixth session. The UNCTAD secretariat would continue to participate in the Group's sessions, three more of which would be held in 1981, and would report to the Board as appropriate.

467. The spokesman for the Group of 77 said that in conformity with the Charter of the United Nations and the interest of international peace and security, it was the task of the United Nations to provide a speedy solution of the question of disarmament. The General Assembly should express its concern over the growth of world military expenditure, which hampered the development process of developing countries. Furthermore, international peace and security could not be secured without a considerable improvement in the world economic situation. At its tenth special session, the General Assembly had indeed recognized the relationship between the arms race and economic development, but enormous sums were being spent on armaments, which was totally incompatible with the establishment of a new international economic order. In accordance with General Assembly resolution 32/88 A, the primary aim of the Group of Governmental Experts was to obtain results that took into account the socio-economic consequences of military expenditure, disarmament and the reduction of the military budgets of States permanent members of the Security Council. The resources thus released would be channelled to developing countries. The General Assembly had not formulated a mandate concerning the channelling of released resources to developing countries, and such a mandate should be formulated and implemented fully. UNCTAD had an important role in assisting the Group of Experts with particular relevance to the establishment of a

29/ For the printed text, see Official Records of the General Assembly, Thirty-fifth Session, Supplement No. 17 (A/35/17).

new international economic order. Consequently, the UNCTAD secretariat should do more than simply attend sessions of the Group and report to the Board. It should play a more active role and co-operate with the Group of Experts in order to contribute to the achievement of its goals.

468. The representative of China said that his country was a developing socialist country and had always opposed all forms of hegemony and aggression. Genuine disarmament would help to safeguard international peace and security, which was necessary for development, and resources released from the arms race should be used for the benefit of developing countries. The super-Powers would have to take the initiative by reducing their military expenditures, but one of them, which year after year proclaimed its support for disarmament, was wontonly speeding up the arms race. It had invaded one sovereign State, which was a grave threat to international peace and security and an obstacle to the establishment of a new international economic order.

469. The spokesman for Group D said that it was well known that the arms race absorbed huge financial, material and intellectual resources and was a heavy burden on the peoples of many countries, including developing countries. It worsened inflation in capitalist countries, generated tax increases and reduced the living standards of the masses. Increases in military expenditure hampered the socio-economic development of all countries. The arms race was inconsistent with the restructuring of international economic relations, hampered the development of foreign trade and contributed to balance-of-payments difficulties. Transferring resources from military expenditure to productive uses would create favourable conditions not only for strengthening peace and international security, but also for the more rapid socio-economic development of all countries and, in particular, developing countries. It would also create the necessary conditions for solving problems connected with the radical restructuring of international economic relations and a substantial expansion of world trade.

470. He added that the Soviet Union and other socialist countries attributed great importance to the problem of disarmament and had persistently sought adoption of measures that would halt the arms race. It was on their initiative that the question of the socio-economic aspects of disarmament had become a subject of discussion in different United Nations forums.

471. Noting that the UNCTAD secretariat had established contacts with the Group of Experts and participated at sessions of the Group, he said it was the view of Group D that the UNCTAD secretariat should participate at the further sessions of the Group and should make important contributions to its work, especially in the area of research into trade and economic aspects of the problem. He was confident that UNCTAD, as an important organ of the General Assembly in matters relating to trade and development, would continue to pay due attention to the trade and development aspects of disarmament, and that the Board would continue to consider this important problem at its regular sessions.

472. The observer for the World Federation of Trade Unions said that his organization had always considered the arms race a heavy burden which aggravated economic difficulties, had impeded the development of productive forces and increased inflation. Annual arms production absorbed 5 to 10 per cent of world production of the most important and scarce raw materials, and about 60 million people in the world were employed in the military sphere. Experience showed that, given an organized and gradual implementation of disarmament, difficulties of

reconversion of industry to peaceful uses could be overcome and resources released could be used for economic development and improving the socio-economic conditions of the working masses. According to estimates by United Nations experts, the equivalent of 10 per cent of world military expenditure would provide sufficient resources to do away with hunger, disease and illiteracy. At its twenty-eighth session, the General Assembly, on the initiative of the Union of Soviet Socialist Republics, had adopted resolution 3093 (XXVIII) of 7 December 1973 on the reduction of the military budgets of States permanent members of the Security Council by 10 per cent and utilization of part of the funds thus saved to provide assistance to developing countries. That constituted a good beginning. He was confident that UNCTAD would play an important role in drawing the attention of the international community to the necessity of promoting disarmament as a basis for the solution of the most important socio-economic problems in the interests of mankind.

Action by the Board

473. At the 544th meeting, on 27 September, upon the proposal of the President (TD/B/L.578), the Board took note of the progress report by the Secretary-General of UNCTAD on the meeting of the Group of Governmental Experts on the Relationship between Disarmament and Development, at which UNCTAD was represented as an observer. It requested him to continue to follow carefully the work of the group, as it bore on the objectives of UNCTAD, and to provide it with appropriate assistance (see annex I, Other decisions (f)).

D. Progress in the implementation of specific action related to the particular needs and problems of developing island countries and land-locked developing countries

(Agenda item 10 (d))

1. Developing island countries

474. Introducing the note by the UNCTAD secretariat on the progress in implementing specific action related to the particular needs and problems of developing island countries (TD/B/811), which contained a full statement of the work in progress in the UNCTAD secretariat, the representative of the Secretary-General of UNCTAD recalled that UNCTAD had pioneered work in this area. The secretariat was in touch with the regional commissions and preliminary approaches had been made to UNDP and other donors to fund possible interregional or regional projects.

475. The spokesman for the Group of 77 noted that Conference resolutions 98 (IV) and 111 (V) stressed the particular needs of developing island countries, especially those handicapped by smallness, remoteness, low resource endowment and a shortage of administrative personnel. Because they were so small, developing island countries had difficulty in making their needs felt in international forums. The Trade and Development Board should therefore be particularly alert to the views of those countries, and means should be found to implement the UNCTAD work programme in this area rapidly and efficiently.

476. The representative of Malta, regretting the lack of attention devoted to developing island countries, said he felt that adequate support had not been given to implementing the resolutions of the General Assembly and of the Conference at its fourth and fifth sessions. Only one meeting had been held, and that was in 1977. Moreover, it had dealt with only one of the topics in Conference

resolution 98 (IV). UNCTAD should make greater efforts to disseminate its work on developing island countries among all such countries and generally among its members. He considered that the study mentioned in paragraph 4 of document TD/B/811 should not be restricted to small outer islands; no such subgroup had been distinguished by the Conference or by the General Assembly. He inquired how many developing island countries had been consulted concerning the study and what the secretariat's procedure was in such cases. He further inquired what follow-up was envisaged to paragraph 9 of Conference resolution 111 (V) and urged the secretariat to increase the efforts and resources devoted to following up the recommendations of the Group of Experts on Feeder and Inter-island Services by Air or Sea for Developing Island Countries. ^{30/} Referring to paragraph 9 of TD/B/811, he congratulated the secretariat for having embarked on a study of commodity export earnings, but urged that it include the effects of imports as well. In-depth studies of developing island countries should take account of non-natural disasters, such as animal diseases or desertification, which spread quickly in developing island countries because of their smallness.

477. Noting that technical assistance by UNCTAD to developing island countries was very limited, he expressed appreciation of the support received from the Shipping Division of the UNCTAD secretariat and from the International Trade Centre UNCTAD/GATT. The Centre should receive additional help from UNCTAD, GATT and other donors. In general, however, it was profoundly unsatisfactory that the UNCTAD programme in favour of developing island countries was being hindered by the need to rely on extrabudgetary funds. In his view, the funds needed for the programme were not large and should come primarily from the regular budget.

478. The representative of China expressed appreciation for the secretariat's efforts in favour of developing land-locked and island countries, in view of their specific geographical and economic problems, which required the help of the international community. It was a matter for satisfaction that the Preparatory Committee for the New International Development Strategy had been able to reach an early consensus on the sections of the draft strategy relating to these two groups of countries.

479. The representative of the Union of Soviet Socialist Republics said that his country was developing trade, scientific and technical co-operation with developing land-locked and island countries on the basis of equity, respect for national sovereignty, mutual benefit and mutual understanding. It had agreements, including the provision of development assistance with 10 developing land-locked and six developing island countries. The Union of Soviet Socialist Republics was co-operating also with the island and land-locked developing countries. He briefly described the assistance provided to many of the least developed countries and the training facilities offered, noting that most of them were also either developing land-locked or island countries. He noted that its co-operation was most active in the fields of trade and economics, public health, education and vocational training. The Union of Soviet Socialist Republics intended to strengthen further its trade and economic co-operation with the developing countries, including developing island and land-locked countries.

^{30/} See Official Records of the Trade and Development Board, Eighteenth Session, Annexes, agenda item 6 (c), document TD/B/687.

480. Replying to the representative of Malta, a representative of the secretariat indicated that the study mentioned in TD/B/811, paragraph 4, was intended to contribute to meeting the requirements of Conference resolution 98 (IV), paragraph 61. He confirmed the secretariat's understanding that UNCTAD's programme of specific action related to the particular needs and problems of developing island countries was concerned with those countries as a whole. He added that, as regards the study called for in paragraph 9 of Conference resolution 111 (V), the Conference had addressed itself to the International Civil Aviation Organization.

481. At the 543rd plenary meeting, on 24 September 1980, the representative of the Secretary-General of UNCTAD, replying to the question raised by the representative of Malta, stated that the studies mentioned in paragraph 4 of TD/B/811 were intended as a partial execution of the mandate given to the secretariat by the Conference in paragraph 61 of resolution 98 (IV). Informal consultations on this subject had taken or were taking place with a number of developing island countries, and there would be further consultations if the project came to the point of execution.

482. The representative of the Philippines referred to the special case of archipelagic islands such as the Philippines and urged that they be given due attention. The representative of the Secretary-General of UNCTAD responded that this matter had indeed been given attention by the Group of Experts on Feeder and Inter-island Services by Air or Sea for Developing Island Countries that had met in 1977 and that the secretariat was ready to respond to any request for assistance from individual developing island countries.

483. At the same meeting, the representative of Malta introduced the draft resolution on progress in implementing specific action related to the particular needs and problems of developing island countries which had been submitted on behalf of the Group of 77 (TD/B/L.573). He noted that it drew attention to the need to implement the work programme contained in Conference resolutions 98 (IV) and 111 (V), and in particular paragraphs 4, 5 and 6 of the latter resolution. Since the specific problems of developing island countries had now been partly identified, but not examined, the draft resolution called for an intergovernmental group of experts to be convened in 1981.

484. At the 544th meeting, on 27 September 1980, the President introduced draft resolution TD/B/L.579, which he had submitted as a result of informal consultations, and draft resolution TD/B/L.573 was withdrawn.

Action by the Board

485. At the same meeting, the Board adopted the draft resolution submitted by the President (see annex I, resolution 223 (XXI)).

2. Land-locked developing countries 31/

486. For the consideration of this item the Board had before it a note by the UNCTAD secretariat on progress of work in UNCTAD on the particular needs and problems of land-locked developing countries (TD/B/812) and a note (TD/B/813 and Corr.1) drawing attention to the report of the Administrator of UNDP on the activities of the United Nations Special Fund for Land-locked Developing Countries (DP/458).

31/ Some delegations made reference to land-locked developing countries in statements covering both developing island countries and developing land-locked countries. These statements are reflected in paragraphs 478-479 above.

487. In an introductory statement, the representative of the Secretary-General of UNCTAD recalled that UNCTAD had pioneered work in this area. He referred to the integrated planning approach as the essential means for solving the transit-transport problems of the land-locked developing countries. The approach aimed at promoting co-operative arrangements between land-locked developing countries and their transit neighbours, and he noted that arrangements in this regard related, inter alia, to the development of a new infrastructure, the streamlining of documentation procedures and management and pricing in the transport sector. He noted further that UNCTAD's work was carried out in close co-operation with the land-locked developing countries and their transit neighbours. Technical co-operation activities in this regard included a series of regional projects in Africa, Asia and Latin America. The report of the Administrator of UNDP (DP/458) outlined how the resources of the Special Fund for Land-locked Developing Countries had been utilized. He noted that the Administrator had urged Governments to contribute more generously to the Fund at the next Pledging Conference.

488. The spokesman for the Group of 77 stated that his Group endorsed the policy of UNCTAD towards the solution of the transit-transport problems of the land-locked developing countries which laid emphasis on an "integrated planning approach" and essentially aimed at promoting and consolidating co-operative arrangements between land-locked countries and their transit neighbours. He noted that UNCTAD had expanded its programme on land-locked developing countries considerably, in collaboration with UNDP. His Group appreciated the co-operation of UNDP and urged the international community to reinforce its support to land-locked developing countries in the solution of their particular problems, as called for in General Assembly resolution 34/198 of 19 December 1979 and Conference resolution 123 (V).

489. With regard to the Special Fund for Land-locked Developing Countries, he said that the Group of 77 appreciated the report of the Administrator of UNDP and commended the work being done by UNDP in close collaboration with UNCTAD in order to ensure the effective use of the Fund's resources. Deploring the limited contributions made to the Fund, he said his Group wished once more to urge the international community to contribute more generously to it.

490. Recalling Conference resolution 110 (V) concerning the particular problems faced by Zaire relating to transport, transit and access to foreign markets, he called for its full implementation, including the elaboration of the appropriate studies on those problems and on practical measures to be suggested in favour of that country, aiming at a reduction of the high transport costs involved in its foreign trade.

491. The representative of Zaire noted the complete similarity between paragraph 10 of Conference resolution 123 (V), which requested the Secretary-General of UNCTAD to continue further the work programme of UNCTAD in relation to the special problems of land-locked developing countries, and Conference resolution 110 (V), which referred specifically to the special problems facing Zaire. Referring to the description given at the twentieth session of the Board of the work being undertaken in pursuance of resolution 110 (V) 32/ he requested that Zaire, which was included in the technical assistance transit-transport project covering East and Central Africa, should also be included among those countries covered by the similar project for southern Africa.

32/ See Official Records of the General Assembly, Thirty-fifth Session, Supplement No. 15 (A/35/15), vol. I, part two, para. 247.

CHAPTER VIII

IMPLEMENTATION OF THE DECLARATION ON THE GRANTING OF INDEPENDENCE TO COLONIAL COUNTRIES AND PEOPLES BY THE SPECIALIZED AGENCIES AND THE INTERNATIONAL INSTITUTIONS ASSOCIATED WITH THE UNITED NATIONS

(Agenda item 11)

492. For the consideration of this item the Board had before it a draft decision submitted at its twentieth session by the Group of 77 (TD/B/L.562) which the Board had remitted to its twenty-first session.

493. The representative of the Secretary-General of UNCTAD, referring to the report which was before the Board at its twentieth session (TD/B/789), and which was available for its continued consideration, said that, within the framework of the UNDP-financed Nationhood Programme for Namibia, UNCTAD was the executing agency for a project on external economic sector planning and policies of that country. That project, together with the study on assistance to the peoples of Namibia and South Africa mentioned in TD/B/789, and with other United Nations efforts for Namibia, provided an important opportunity for the United Nations system to contribute to the analysis of the problems which would face Namibia after independence, as well as to the formulation of possible recommendations on solutions to those problems. Once the selection of experts for the project had been approved by the United Nations Council for Namibia and the United Nations Commissioner for Namibia, representing the South West Africa People's Organization, the project would get under way.

494. He confirmed that, pursuant to General Assembly resolution 3280 (XXIX) of 10 December 1974, notifications of sessions of the Conference and of the Board, as well as of other meetings held under the auspices of UNCTAD, were sent to the national liberation movements. Provision was made for the payment of travel costs and per diem for the representative of each national liberation movement to each meeting in accordance with the existing procedures established by the United Nations. Invitations to national liberation movements were issued after confirmation by the Office of Legal Affairs of United Nations Headquarters as to which movement was recognized in the region by the Organization of African Unity (OAU) at any given time.

495. The representative of Madagascar stated that his country had always given assistance to national liberation movements struggling against racism and apartheid, and would continue to do so.

496. The representative of China stated that his country had always supported the national liberation movements and their mounting struggle for independence against the vicious rule of the South African régime over the peoples of Azania and Namibia. The racist régime of South Africa must be terminated and all forms of intervention stopped. As regards UNCTAD's contribution, the implementation of General Assembly resolution 34/42 of 21 November 1979, and, in this connexion, a programme of assistance to national liberation movements, should be given high priority and UNDP should provide necessary resources for implementation of the programme of assistance.

497. The spokesman for Group D stated that, in the context of General Assembly resolution 34/42, Group D appreciated and viewed positively the report by the

Secretary-General of UNCTAD and considered that implementation of the proposals in that report, in consultation with OAU, would constitute a useful step forward. Group D had no objection to the adoption of the draft decision submitted by the Group of 77, on the understanding that the necessary resources for implementing the proposals contained therein would be provided by UNDP. He stressed that the vestiges of colonialism were still a dangerous source of tension and conflict, and reiterated the firm position of Group D in support of the colonial peoples in their struggle for national and social liberation.

498. At the 544th meeting, on 27 September 1980, the spokesman for the Group of 77 urged that action be taken at the present session on draft decision TD/B/L.562. He noted that it had been remitted from the twentieth session of the Board because on that occasion Group B had requested more time to consider it. Group D and China had indicated their readiness to adopt the draft decision at the present session and his Group appreciated their support. It was regrettable that Group B had not found it possible to agree to the text even at the present session and was asking for it to be remitted, once more, to the twenty-second session. The Group of 77 felt that there were no convincing reasons for acceding to that request and he therefore formally proposed that the draft decision be put to a vote by roll-call.

Action by the Board

499. At the same meeting, the Board adopted the draft decision by a roll-call vote of 64 votes in favour, 1 against and 22 abstentions 33/ (see annex I, decision 224 (XXI)).

500. Explaining his vote, the representative of the United States of America stated that, irrespective of the liberation movements involved, his Government did not believe that the resources of the United Nations, especially voluntary contributions, should be used in support of or to provide assistance for these organizations.

33/ The result of the vote was as follows:

In favour: Algeria, Argentina, Brazil, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Chile, China, Colombia, Cuba, Czechoslovakia, Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, Gabon, German Democratic Republic, Ghana, Honduras, Hungary, India, Indonesia, Iraq, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Lebanon, Libyan Arab Jamahiriya, Madagascar, Malaysia, Mali, Malta, Mexico, Mongolia, Morocco, Nicaragua, Nigeria, Pakistan, Panama, Peru, Philippines, Poland, Republic of Korea, Romania, Saudi Arabia, Singapore, Sri Lanka, Sudan, Syrian Arab Republic, Thailand, Trinidad and Tobago, Tunisia, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Emirates, United Republic of Tanzania, Uruguay, Venezuela, Viet Nam, Yugoslavia.

Against: United States of America.

Abstaining: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Federal Republic of, Greece, Guatemala, Ireland, Israel, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland.

501. The spokesman for the African Group said that General Assembly resolution 34/42 called for the formulation by various agencies and organs of the United Nations of specific programmes of assistance to colonial territories and peoples and their national liberation movements. The African Group attached great importance to this matter, and considered that the implementation of measures such as those proposed in document TD/B/789 constituted a positive contribution to the struggle of the peoples of colonial territories for their full political and economic independence. Those who continued to oppose the implementation of resolution 34/42 must be seen for what they were and what they stood for. They were enemies of freedom and peace. Despite the adoption of General Assembly resolution 1514 (XV) nearly two decades ago, colonialism, apartheid and racist oppression continued to thrive, particularly in the African continent. However, the recent triumph of the people of Zimbabwe over colonialism and racist oppression was an eloquent reminder that, once a people took up arms to fight for their freedom and dignity, no power could overcome them. The members of his Group were strong in their conviction that colonialism and racist oppression would eventually be eliminated.

502. The representative of the United States of America stated that his delegation could not but interpret the statement by the spokesman for the African Group to be critical of its vote. In that connexion, he emphasized that the United States had been considerably involved in assisting the people of Zimbabwe, during that country's struggle for independence. The Prime Minister of Zimbabwe himself had recently called on the President of his country and had expressed appreciation for the assistance given by the United States.

CHAPTER IX

RATIONALIZATION OF THE PERMANENT MACHINERY OF UNCTAD

(Agenda item 6)

503. This item was referred to the sessional Working Group for consideration and report.

Consideration in the sessional Working Group

504. Opening the discussion, the Chairman of the Working Group expressed the hope that the working group would succeed in fulfilling its mandate of producing a common draft incorporating the three draft resolutions before it, which were annexed to the report of the Board on its twentieth session. 34/ Since the respective views of each of the Groups were now fully known there was no need for general discussions. The Group should proceed in a business-like manner and set an example of rationalization in UNCTAD. He drew attention to the suggestions made on that subject by the Secretary-General of UNCTAD in his introductory statement at the opening (537th) meeting of the Board (see paras. 22 to 24) and hoped that members of the Group would express their views on those suggestions.

505. For the consideration of this item, the Working Group had before it, in addition to the three draft resolutions submitted at the twentieth session, the following documents: the report of the Ad hoc Intergovernmental Committee on the Rationalization of UNCTAD's Machinery on its first session (TD/B/AC.30/R.1 and Add.1), the report on its second session (TD/B/AC.30/4), circulated under cover of TD/B/786, 35/ "Rationalization of the permanent machinery of UNCTAD": Note by the UNCTAD secretariat (TD/B/L.569) and a comparative table of the draft resolutions submitted at the twentieth session, prepared by the UNCTAD secretariat (TD/B/L.569/Add.1 and Corr.1).

506. The spokesman for the Group of 77 noted that, since the establishment of UNCTAD, there had been a rapid growth in its tasks and responsibilities, and its permanent machinery had correspondingly evolved. The number of main Committees, in which all States members of UNCTAD were able to participate, had grown, and various intergovernmental groups had also been set up to deal with particular subjects. The scope of activities undertaken by these bodies was reflected in the wide-ranging competence of UNCTAD; UNCTAD had been the source of many bold and innovative ideas in the field of trade and development. Many basic concepts that had been embodied in the International Development Strategy and in the Declaration and the Programme of Action on the Establishment of a New International Economic Order had first been mooted in UNCTAD. Apart from being a source of new thinking it had also provided a forum for deliberation, negotiations and review in the field of trade and development and had gained extensive experience in that respect.

507. The Group of 77 had always considered UNCTAD as a principal instrument of the General Assembly for negotiation on international trade and development, particularly

34/ Official Records of the General Assembly, Thirty-fifth Session, Supplement No. 15 (A/35/15), vol. I, part two.

35/ Official Records of the Trade and Development Board, Twentieth Session, Annexes, agenda item 7, document TD/B/786.

in the context of negotiations on the establishment of the new international economic order. That point required emphasis, as experience had shown that the strengthening of the negotiating capability of UNCTAD required a political willingness on the part of all developed countries to make full use of this United Nations forum as a place in which broad policies and guidelines should be translated into specific agreements which all countries undertook to implement.

508. The rationalization of UNCTAD had become an urgent and very acute problem, particularly if UNCTAD was to play its role in international co-operation for development. There was provision for UNCTAD itself to evaluate its role under paragraph 30 of General Assembly resolution 1995 (XIX). Hardly a year has gone by since its establishment without certain institutional changes in UNCTAD. It had to be recognized, however, that its present institutional set-up was more the product of various circumstances than of a rational design. The failure of UNCTAD to realize certain objectives could certainly be attributed to some of its institutional weaknesses. It should therefore be borne in mind that efforts to increase the effectiveness of UNCTAD through its rationalization could not by themselves produce desired results, but must be coupled with strenuous efforts to solve substantial trade and development problems.

509. In spite of these, and other, limitations, the evolution of UNCTAD had nevertheless been linked to changes in world economic relations and to the manner in which the international community had responded to those changes. Until the early 1970s, however, the international economic system had not been seriously questioned and there had been no need for deeper changes in UNCTAD's permanent machinery or methods of work. However, the international economy, since the events of the early 1970s, had been in a state of fundamental disequilibrium and crisis which was not a phenomenon of a cyclical nature, but stemmed from underlying structural maladjustments. The failure of the existing economic order to promote adequate and equitable support to the international development process had prompted the international community to decide to work for the establishment of a new international economic order and also to initiate a new process of restructuring of the economic and social sector of the United Nations system, so as to make it more capable of dealing with the substantive issues of international economic co-operation. UNCTAD's adaption to these developments had neither been sufficient nor had it been made in the requisite direction. In fact, only since the Manila Conference, with the establishment of the Ad hoc Intergovernmental Committee on the Rationalization of UNCTAD's Machinery, chaired most ably by Mr. Oreibi of the Libyan Arab Jamahiriya, had useful and detailed work been performed in this respect. He expressed his Group's gratitude to the personal contribution made by Mr. Oreibi. The Group of 77 fully shared the assessment contained in the final report of the Ad hoc Intergovernmental Committee that, while it had not been able to agree upon a single text covering all the issues involved, its work had had a positive outcome in two respects: (i) the three regional groups had produced draft proposals and (ii) these proposals contained in a number of respects common ideas representing a convergence of views. His Group expected the Board at its present session to adopt a text setting out the consolidated views of all Groups. Although very appreciative of the work that had been done, bearing in mind the complexity as well as the importance of the issues involved, the Group of 77 was fully aware of the fact that the consolidated text, if adopted, would be just one step in the continuous process of rationalization, which should remain on the agenda of the Board.

510. He concluded by expressing the deep appreciation of his Group to the Secretary-General of UNCTAD for his very valuable and comprehensive contribution to the elaboration and elucidation of the issues involved and to the formulation of ideas which had been examined by the Ad hoc Intergovernmental Committee. He also expressed thanks and appreciation to other members of the UNCTAD secretariat for their valuable advice and assistance.

511. The representative of China said that the rationalization of the permanent machinery of UNCTAD was a question of great concern to the majority of States members of UNCTAD. China supported the continued review of this question by the Working Group. Her delegation had listened with interest to the opening statement made by the Secretary-General of UNCTAD at the 537th plenary meeting. It had been pleased to note that the secretariat had already taken some action in the light of the draft resolutions submitted on the rationalization of the permanent machinery of UNCTAD. China had always maintained the view that the institutional structure should be rationalized, and that emphasis should be laid on efficiency. At the same time, UNCTAD's effectiveness and negotiating capability should be strengthened, so as to make a significant contribution to the establishment of a new international economic order.

512. She noted that most of the draft proposals before the Working Group were, to a large extent, positive ones. It was her belief that, through full consultations, a draft resolution acceptable to all parties could be found. The Chinese delegation was prepared to co-operate with all other delegations in an effort to make the present meeting a success.

513. The spokesman for Group B noted that, upon its establishment in 1964 as an organ of the General Assembly to promote international trade and to deal with the related problems of economic development, UNCTAD had become a leading United Nations organization in the study of problems related to trade and the needs of the developing countries. The world had significantly changed since UNCTAD's establishment and, in recent years, the General Assembly and other forums had become increasingly involved in North-South deliberations and negotiations, as all countries had become more aware of the vital importance of economic co-operation among nations at all stages of development.

514. Today, UNCTAD and related institutions faced growing challenges in assisting developing and developed countries to deal with increasingly complex problems in the world economy. Now, at the beginning of the 1980s, all were fully aware of the growing importance of North-South economic relations. There was a need for international institutions that were effective, dynamic, and capable of fostering greater understanding and co-operation between developing and developed countries. Such institutions had to be responsive to the needs of countries at all stages of development, particularly to those of developing countries, in order to inspire confidence and to assist member States in finding ways to accelerate development and to revitalize the world economy as a whole.

515. It was Group B's belief that UNCTAD, within its well-established mandate, had the resources and potential to play an important role in international efforts to deal with the challenging trade and development issues of the 1980s. It believed that UNCTAD's capacity to fulfil its role in the future would be shaped, to a large extent, by decisions taken on rationalization and other important questions at the current session of the Board. It had been recognized at the fifth session of UNCTAD that after 15 years of operation it was time to examine UNCTAD's institutional machinery and working methods with a view to making it a more effective and efficient organization. Conference resolution 114 (V) had established an Ad hoc Intergovernmental Committee on the Rationalization of UNCTAD's Machinery, which had submitted its final report to the Board at its twentieth session. As a result of the work done in that Committee, the regional groups had reached a

number of common conclusions, which were contained in the three draft resolutions that had been remitted to the present session of the Board. Group B hoped it would be possible to conclude successfully the work on rationalization by including the common elements of those draft resolutions, as well as some other non-agreed issues, in a resolution to be adopted by the Board at its present session.

516. Through the past year of effort, all groups had realized that rationalization was the primary responsibility of the member States of UNCTAD, working in close co-operation with the secretariat. The spokesman expressed Group B's appreciation for the assistance provided by the secretariat during the past year and for the documentation which it had prepared. Her Group had listened with interest to the opening statement by the Secretary-General of UNCTAD at the 537th meeting, and would study his ideas. It was pleased to note, from document TD/B/L.569, that the secretariat had already taken steps to implement some of the common recommendations contained in the draft resolutions submitted by the three groups. While some useful steps had been taken, the decisions reached by member States at the current session of the Board would largely determine the degree of success of the rationalization efforts, which should have a major impact on UNCTAD's effectiveness in the 1980s.

517. Referring to the work on rationalization in the General Assembly itself, as reflected in the General Assembly decision 34/401 and continuing efforts in this regard, she suggested that the work done in New York could have valuable lessons for the Board. Ultimate success in rationalization would depend on whether the Board was prepared to adopt a series of measures to deal with the full range of improvements that were needed in UNCTAD today. Group B viewed rationalization as a multifaceted effort with the following five major objectives:

- (a) To streamline the intergovernmental machinery and make the methods of work in meetings more efficient and economical;
- (b) To consider further UNCTAD procedures for programme evaluation, taking into account those already applied elsewhere in the United Nations system, which would enable the secretariat and member States to determine the degree to which UNCTAD was accomplishing the established objectives;
- (c) To improve communications between the secretariat and the member States;
- (d) To improve the quality and to facilitate the timely production of documentation in all working languages;
- (e) To strengthen management and co-ordination within the secretariat.

518. In its draft resolution submitted at the twentieth session, Group B had proposed measures designed to help accomplish each of the above objectives. It believed it was essential at the present session to agree on measures in each of these areas in order to achieve successfully the rationalization goals and to prepare UNCTAD for the challenges of the 1980s.

519. The spokesman for Group D stated that his Group felt that the stage of exchanging views on rationalization was past and was in full agreement with the Chairman's appeal to begin work on a common text of a draft resolution, on the basis of the three draft resolutions remitted from the twentieth session of the

Board. His Group had repeatedly stressed its wish to see UNCTAD work in the most efficient way and to exercise a real and growing influence on the development of just and mutually advantageous trade and economic relations among all countries, irrespective of the differences in their socio-economic systems. It therefore attached great importance to the attainment of real progress and concrete results in rationalizing UNCTAD's activities. In its work, the Working Group should adhere strictly to the mandates given in Conference resolution 114 (V) and Board decisions 194 (XIX) and 210 (XX) and aim at ensuring that UNCTAD's mandate as set out in General Assembly resolution 1995 (XIX) could be fully and effectively implemented.

520. He referred to the strongly-held view of Group D that the rationalization exercise should not lead to additional financial implications, and asked the secretariat for clarification concerning the budgetary implications of the additional documentation services outlined in document TD/B/L.569. Group D had repeatedly expressed its concern that the financial and human resources of the UNCTAD secretariat and other organs of the United Nations system had not always been used in the most effective manner.

521. In the view of his Group, solutions to this problem should be achieved by the following methods: (i) rationalizing the structure of the permanent machinery and increasing the efficiency of existing bodies which had proved their worth; (ii) using available resources in the most effective way; (iii) avoiding duplication and overlapping of work within UNCTAD and with other United Nations organs by rationalizing the programme of work; (iv) applying the most efficient work methods and (v) guaranteeing an appropriate representation of countries with different socio-economic systems at all levels in the secretariat.

522. The concrete proposals of Group D on such questions as improving the co-ordination and control of UNCTAD's activities, strengthening the main Committees, reducing the number of expert groups and the duration of meetings, and ensuring the timely availability of documentation, were contained in the draft resolution currently before the Working Group.

523. Group D had listened with interest to the suggestion by the Secretary-General of UNCTAD in his opening statement concerning consecutive sessions of the main committees of UNCTAD, preceded or followed by a session of the Board, and it felt, as he did, that the idea needed further examination and reflection, in particular with regard to its compatibility with the provision in paragraph 7 (a) of Conference resolution 114 (V) that the Board should pursue its objectives whenever possible by means of its permanent main committees.

524. In concluding, he expressed his appreciation to the secretariat for its assistance and documentation, and said that Group D would do its utmost to help achieve concrete results.

525. The representative of the Secretary-General of UNCTAD drew attention to the suggestions that had been made by the Secretary-General of UNCTAD at the second session of the Ad hoc Committee on Rationalization of UNCTAD's Machinery and which he had recalled in his opening statement at the present session of the Board.

The Secretary-General of UNCTAD had studied carefully the views of the three regional groups as contained in the three draft resolutions remitted to the present session. His idea of holding annually a concentration of meetings of main committees directly prior to a session of the Board was intended to meet the concerns expressed by all regional groups for greater co-ordination among the main committees through the exercise of stronger guidance by the Board; for a mechanism which took into account the interrelated and cross-sectoral nature of the issues facing UNCTAD and for the planning of UNCTAD activities, including documentation. The agendas for the main committees under such an arrangement would be co-ordinated to promote the discussion and review of interlinked problems and to contribute to the Board's own deliberations. On the logistical side, the secretariat had determined that, subject to certain operational assumptions, the proposal was practicable, as the Secretary-General of UNCTAD had indicated in his opening statement to the Board. He now hoped to receive reactions to his ideas from Governments. He and the secretariat would be happy to reply to any questions.

526. The representative of Madagascar, referring to document TD/B/L.569/Add.1 and Add.1/Corr.1 containing a comparative table prepared by the secretariat of the texts of the three draft resolutions submitted to the Board at its twentieth session, asked why it had been reproduced in English only, expressing his strong dissatisfaction with this procedure. The representatives of Argentina, France and the Union of Soviet Socialist Republics also expressed the view that the document should have been issued in all working languages. The representative of France emphasized that the translation services would not have been involved as the texts had already been translated.

527. In reply, the representative of the Secretary-General of UNCTAD said that the secretariat's decision to make the document available in English only had been taken in the light of the heavy burden already imposed on the typing and reproduction services and in view of the fact that the texts of the three draft resolutions (which were annexed to the Board's report on its twentieth session) had been made available in all languages in a conference room paper. He regretted that the document was not available in languages other than English and noted that this situation was a symptom of the larger problem of documentation which had been the subject of intensive examination in the Ad hoc Intergovernmental Committee and had several times been brought to the attention of the Board.

528. The representative of Madagascar stated that he was not satisfied with this explanation. Previous discussions on rationalization had emphasized the importance of improving the availability and timely issuance of documentation. The non-availability of documents in all working languages severely hampered the ability of delegations to play their rightful part in deliberations and decision-taking. What delegations were looking for from the secretariat was technical support, which included translations of drafts of resolutions or declarations issued by drafting committees for consideration by the regional groups. Only thus could delegations bring their full contribution to UNCTAD meetings and ensure their success for the benefit of all mankind. His delegation consequently could not accept a proposal to use TD/B/L.569/Add.1 and Add.1/Corr.1 as a working document.

529. The Working Group accepted the Chairman's proposal that, in the light of the views expressed on the issuance of TD/B/L.569/Add.1 and Add.1/Corr.1 in English only, the Group should conduct its work on the basis of the three texts of the draft resolutions as reproduced by the secretariat in a conference room paper.

530. The representative of France inquired whether the special services for priority in-session documentation referred to in paragraph 6 of TD/B/L.569 and its annex had ceased to operate since the end of the period from 1 April to 30 June as stated in the document.

531. The representative of the Secretary-General of UNCTAD stated that those services had continued in July, had been suspended in August, when there were no UNCTAD meetings, and had been resumed in September.

532. With respect to the budgetary implications outlined in document TD/B/L.569, the representative of the United States of America asked whether the secretariat had made an estimate of the total costs involved in providing the services and had evaluated their effectiveness. Had alternatives to an extra shift been considered before instituting the present services - for example on an ad hoc or stand-by basis, and had any effort been made to cost such an alternative? It seemed clear to his delegation that if this new service was placed on a permanent basis, it would give rise to extra costs.

533. In reply to those questions and to that put by the spokesman for Group D, the Chief of the Administrative Service noted that the UNCTAD costs directly attributable to the special documentation service as a result of night and weekend meetings were negligible in comparison with other costs incurred in holding night or weekend meetings. As the staff operating the special services in the evening were fully engaged with regular work whenever there was no priority in-session material forthcoming, it was difficult to assess, for the brief period from 1 April to 30 June, the element of additionality involved in the provision of their services under the time-table of the evening shift. An accurate picture of any extra costs involved would only emerge from the next over-all budget exercise conducted by the United Nations.

534. In establishing the special service of a skeleton staff for the translation, typing, reproduction and distribution of UNCTAD in-session documentation, consideration had been given to alternatives such as a second shift or a forward echelon. The skeleton staff alternative was selected for a number of reasons, including the fact that it was the least costly.

535. At its concluding meeting, upon the proposal of the Chairman, the Working Group agreed to recommend to the Board for adoption the following:

I

To take note with appreciation of the concrete steps taken by the United Nations Office at Geneva, in consultation with the Secretary-General of UNCTAD, to improve certain elements of the conference services for UNCTAD, as described in document TD/B/L.569;

To request that the supplementary conference services referred to in the above-mentioned document continue to be made available to UNCTAD on a trial basis;

To request the Secretary-General of UNCTAD to submit a report on the results and consequences of the above-mentioned services, including all logistical as well as financial implications, to the Board at its twenty-second session for its consideration and decision. This report should also deal with the feasibility and financial implications of establishing a task force of translators who would be assigned specifically to work on UNCTAD meetings, while remaining under the control of the United Nations Office at Geneva.

II

To take note with appreciation of the suggestions concerning the annual concentration of sessions of the main committees of the Board made by the Secretary-General of UNCTAD in his statements to the second session of the Ad hoc Intergovernmental Committee on Rationalization and to the twenty-first session of the Board;

To invite the Secretary-General of UNCTAD to elaborate further, in the light of consultations to be held under Board decision 143 (XVI), the substantive and logistical implications of his suggestions, taking into account any other decisions having a bearing on them.

536. The representative of the United States of America said that her delegation wished to reserve its position on the financial implications of the provision of supplementary evening translation services. It was fully aware of the benefits which the additional evening translation services could provide to member States, especially non-English-speaking members, in the efficient handling of the subjects before various UNCTAD bodies. It hoped that the prompt availability of documents in all languages would facilitate more effective utilization of meeting time and reduce the number of night meetings. It was her delegation's position, however, that resources for these services must come from the reprogramming and re-allocation of existing UNCTAD resources.

537. The spokesman for the Group of 77 stated that his Group supported the draft decision and that they would be ready to consider the report that the Secretary-General of UNCTAD would submit to the Board. They would discuss the two proposals which would be the subject of that report on their merits and if they found that the two proposals would contribute to the strengthening of UNCTAD and the efficiency of their work, they would accept the financial consequences that would flow from those considerations. They also supported the proposal in section II of the text. His Group took note, with appreciation, of the suggestion put forward by the Secretary-General of UNCTAD and would be ready to participate in the consultations envisaged in the draft decision.

538. The representative of Spain said that his delegation considered that the decision that the Working Group had decided to recommend to the Board was a positive one, in that the continuation of the existing special services could help to alleviate the problems that many delegations had encountered in the past because they had not had official documents available to them in good time, except in only one of the working languages of UNCTAD.

539. The positive elements of the draft were not, however, sufficient for his delegation to be able to say that it was satisfied. In the period since the adoption by the Board at the second part of its nineteenth session of resolution 207 (XIX), it had not proved possible to find a final solution to the problem to which the draft provided but a partial response.

540. His delegation was fully aware of the fact that the General Assembly was the competent forum to take final decisions on budgetary questions, on the basis of the Fifth Committee's consideration and possible recommendations. But it had always understood that in consequence neither financial implications nor reservations entered in advance could be taken as prejudging the final decision that in the end was that of the Assembly.

541. He added that the point at issue was to ensure that the secretariat was capable of complying with the rules of procedure of the Board, its main committees and other bodies. If complying with the rules of procedure had financial implications, his delegation believed that States members should find no difficulty in bearing them.

542. The Chairman suggested that the Working Group should recommend to the Board that it take note of the work done by the Working Group.

543. The spokesman for the Group of 77 proposed that the Working Group agree to recommend to the Board that it take note of draft resolution TD/B(XXI)/WG/L.2 and Add.1-3 submitted by the Chairman of the Working Group and continue and conclude negotiations on the issue of rationalization at the twenty-second session of the Board.

544. The Chairman stated that the document in question had been circulated but not introduced.

545. The Chairman closed the meeting at 1.15 a.m. on 27 September 1980 because of the lack of interpretation.

Consideration in plenary

546. Introducing the report of the Working Group at the 544th meeting on 27 September, the Chairman of the Working Group said that there had been intensive negotiations on the three draft resolutions remitted from the Board's twentieth session, but in spite of real advances in the negotiations, the Working Group had been unable to finalize agreement on the Chairman's proposal (TD/B(XXI)/WG/L.2 and Add.1-3), submitted as a result of his informal consultations. For that reason he had not introduced formally his proposal in the Working Group. Failure to finalize agreement on his proposal had been due above all to the complexity of the issue and the limited time available.

547. The Working Group had also been unable to reach agreement on any further course of action concerning negotiations on the three draft resolutions. It had, however, agreed to recommend to the Board action concerning supplementary conference services, described in document TD/B/L.569, and concerning the proposals of the Secretary-General of UNCTAD relating to the annual concentration of the sessions of the main committees of the Board.

548. He trusted that the efforts of the Working Group would not have been in vain and hoped that the intensive exchange of views and negotiations that had taken place in the Working Group would help member States, the regional groups and only them, to finalize at the next session of the Board the task with which they had been entrusted.

549. As a result of informal consultations with delegations and regional co-ordinators since the Working Group's final meeting, he proposed that the Board decide to take note of the work of the Working Group and to continue to deal with this issue at its twenty-second session. It was also his understanding that the Board wished to annex to its report both the draft resolutions submitted at the twentieth session and the draft resolution which he himself had submitted at the present session.

Action by the Board

550. At the same meeting, upon the proposal of the Chairman of the Working Group, the Board took note of the work of the Working Group and adopted the text recommended by it. It decided to deal further with the question of rationalization of the permanent machinery of UNCTAD at its twenty-second session and to annex to its report on its twenty-first session both the draft resolutions submitted at the twentieth session and the draft resolution submitted by the Chairman of the Working Group at its present session. 36/

551. The spokesman for the Group of 77 recalled that in his opening statement he had indicated that the three draft resolutions formally introduced at the twentieth session of the Trade and Development Board by the three regional groups on the issue of rationalization confirmed in a number of respects common ideas representing a convergence of views. On the same occasion, he had emphasized the complexity as well as the importance of the issues involved. One assessment was that the views referred to had been fully confirmed in the course of the long negotiations at the present session of the Board.

552. It was his feeling that the Working Group had been able to agree on a great number of important issues, while on a number of others, due to the complexity of the issues as well as to the lack of time, agreement had not been reached. The Group of 77 had given serious consideration to document TD/B(XXI)/WG.L.2 and Add.1-3 submitted by the Chairman of the Working Group and concluded that it was in a position to agree with most of the paragraphs contained therein. They had had no difficulties with many sections of the document, among which were such important issues as the Conference, the Trade and Development Board, documentation, posing serious difficulties in terms of the efficiency of UNCTAD's work and the calendar of meetings.

553. Explaining the difficulties his Group had regarding the remaining sections, he said that in the section on consultations they would like to have seen the regional co-ordinators among those who were indicated as participants. In the subsection on translation, there was one problem, relating to inclusion of the words "to the extent possible". In the important section on the main committees, which included five paragraphs, his Group had one problem, relating to the reference to the expert groups or other subsidiary bodies of UNCTAD. They had a number of problems with the section on expert groups.

36/ See annex I (decision 221 (XXI)); for the draft resolutions remitted to the twenty-second session, see annex II.

554. He had made this brief review in order to explain the reasons for his Group's possible assessment of the results of the negotiations on rationalization. Unfortunately, the complexity of the issues had not permitted the Working Group to finalize negotiations either on the few points to which he had referred or on a number of other issues which had not been mentioned in the document submitted by the Chairman of the Working Group.

555. It was for these reasons that the Group of 77 had proposed in the Working Group that negotiations be continued at the next session of the Board, and his Group sincerely believed that the regional groups would be able to conclude them to the satisfaction of all member States.

556. He expressed his pleasure that the Working Group had been able to adopt two important decisions on the issue of rationalization. His Group believed that the supplementary conference services and the establishment of the task force of translators would be of great help to the smoother functioning of the entire UNCTAD machinery and hoped that a positive decision would be taken on those issues at the next session of the Board. So far as the second decision was concerned, he wished to assure the Secretary-General of UNCTAD that the Group of 77 would participate fully in the consultations envisaged. He expressed the deep appreciation of his Group to the Secretary-General of UNCTAD for the suggestions he had been kind enough to put to the Board and regretted that lack of time had prevented them from giving those proposals the attention they deserved.

557. The spokesman for Group B said that the members of her Group were very disappointed that it had not been possible to reach agreement at the current session. During the past two weeks, Group B had worked diligently with the other groups and the Chairman of the Working Group. Their objective had been to reach agreement on a series of measures which would have streamlined and strengthened the intergovernmental machinery, improved methods of work, made needed improvements in the documentation and translation services and promoted greater efficiency in the utilization of UNCTAD's resources.

558. The work had been based on three draft resolutions submitted by Group B, the Group of 77 and Group D respectively at the twentieth session of the Board. In view of the many common elements in those draft resolutions, Group B had been optimistic that it would have been possible at the current session to agree on a resolution. On the basis of those draft resolutions and extensive discussions and negotiations at the current session, the Chairman of the Working Group had prepared a draft resolution which he had planned to introduce if the regional groups found it acceptable. While that draft resolution had not fulfilled all Group B's objectives and contained some points of difficulty for them, they believed that it represented a reasonable and constructive compromise, and other groups had been informed that Group B was prepared to accept that text if it had been acceptable to them. When they later learned that the Group of 77 wished to make some changes in that text, Group B had found ways to accommodate most of the changes they sought. They could not agree, however, to reopen negotiations at such a late stage to discuss possible changes which, in the view of Group B, would have significantly weakened and upset the delicate balance in the Chairman's text. They had therefore viewed that text as an acceptable compromise which balanced the interests of all groups, but they did not consider it as a basis for further negotiations.

559. Given the lack of results in the Ad hoc Intergovernmental Committee on Rationalization and at two Board sessions, Group B had begun to question the utility of continuing work on rationalization. However, in view of the importance of that effort, they were prepared to continue in the hope of reaching agreement. But Group B believed that any further work on rationalization should be on the basis of the three draft resolutions submitted at the twentieth session of the Board. They also believed that, in view of the lack of agreement, all groups should use the time before the Board's next consideration of that item for reflection and informal consultations. In the meantime, they hoped that the Secretary-General of UNCTAD would continue to carry out the measures outlined in document TD/B/L.569, which all groups favoured as positive first steps.

560. She added that, in considering how and when to resume work on rationalization, Group B would remain ready to consider any new ideas which might be put forward by other groups or by the Secretary-General of UNCTAD. They had already given careful consideration to the proposal of the Secretary-General of UNCTAD to concentrate annually sessions of the main committees, and were prepared to discuss that proposal in informal consultations. Members of Group B, however, had serious doubts about the feasibility and practicability of that proposal. They believed that a preferable way to proceed would be to schedule main committees dealing with related subjects in a six-month period prior to the same Board session, as they had proposed.

561. In considering what the next steps should be, she suggested that all member States should not lose sight of the basic objectives of rationalization. Rationalization would strengthen UNCTAD as an organization and enable it more effectively to fulfil its role. True rationalization should - as the term implied - enable the member States and the secretariat to make the most rational and effective use of available resources. Such resources included the time devoted to meetings, translation and interpretation services, documentation and the assistance of the secretariat. It was a common conviction that those resources were not being used in the most effective manner, and that had inspired them to embark upon the present rationalization effort. True rationalization, therefore, could not be achieved unless everyone was committed to these common objectives.

562. The spokesman for Group D, speaking also on behalf of Mongolia, said that there was universal agreement that the question of rationalizing UNCTAD was one of the key decisions taken at the fifth session of UNCTAD. Much had been done within the organization in the past year and a half. The approaches of the regional groups to the problem had been outlined, and the points of convergence between their positions had been revealed. Until the very last moment, the socialist countries had been convinced that definite progress had been made.

563. Unfortunately, it had turned out that the results achieved amounted, in their agreed form, to no more than the text recommended by the Working Group for adoption. Furthermore, the measures recommended in that text were not entirely clear. He noted that section I of the text 37/ contained measures that could be applied experimentally, and that further explanations would be provided concerning the proposals contained in section II. 38/

37/ Sect. II of decision 221 (XXI) in annex I.

38/ Sect. III of decision 221 (XXI) in annex I.

564. Referring to the draft resolution submitted by the Chairman of the Working Group, he drew attention to the considerable amount of work that had gone into its drafting and to the efforts and personal contribution in that respect of the Chairman himself. Group D would have been willing to join in a consensus on the text in question, although it did have comments and observations to make concerning various of its provisions. It did not fully understand the reasons why, at the very last moment, there was no agreement. In the circumstances, it was prepared to accept the procedural proposals that had been made by the Chairman of the Working Group.

565. The position of Group D countries and Mongolia on the question of rationalization of the permanent machinery of UNCTAD remained unchanged. They considered that it was necessary and entirely possible to complete the work on rationalization quickly on the basis of what had already been done and of the texts that already existed.

CHAPTER X

CLOSING STATEMENTS

566. At the 544th meeting, on 27 September, statements concerning the outcome of the session were made by spokesmen for the regional groups and by the President.

567. The spokesman for the Group of 77 said that the Board had had to address itself to a great number of substantive issues. Some progress had been achieved in certain areas. Examples were debt, where there had been some advance on features, elaborating on section B of Board resolution 165 (S-IX); trade relations among countries having different economic and social systems, where there had been progress in the identification of areas of mutual agreement; and developing island countries. It was also encouraging that a very fruitful dialogue had been initiated under agenda items 3 and 4.

568. In a number of important areas, however, either no progress had been made at all or even, in some cases, a number of countries had stepped back from their earlier agreements or positions, which was a matter for regret. In the area of debt, there had not been full implementation by some donor countries of section A of Board resolution 165 (S-IX). During the session it had not been possible to launch a serious process of negotiations on protectionism and structural adjustment.

569. The Group of 77 fully understood the current problems facing developed countries, but from whatever point one began to analyse the situation in those countries, whether it be inflation, protectionism, international monetary disorder, declining productivity, excessive consumption or sluggish investment, it all added up to a recognition of the structural rigidities and imbalances within their economies. It should also not be overlooked that the problems of developing countries were of an even larger magnitude. It was evident that no amount of short-term policy measures could resolve these fundamental problems and it was for that reason that the Group of 77 had consistently called for major structural reforms, including greater participation of the developing countries in decision-making in the international institutions so as to share in the making of and to influence long-term policies.

570. It was in that context that the Group of 77 had attached great importance to the consideration of issues relating to protectionism and structural adjustment. The failure to reach agreement on this subject at the current session should not in any way prevent the UNCTAD secretariat from undertaking the necessary studies called for in Conference resolution 131 (V) in order to facilitate the work of the Board at its twenty-second session. The Group of 77 hoped that the Board at its twenty-second session would be able to have a more productive discussion on this important issue.

571. As regards the multilateral trade negotiations and the debt and development problems of developing countries, he referred to the statements made by the spokesman for the Group of 77 on the adoption of decisions on those subjects (see paras. 268-272 and 290-295).

572. Another important aspect of structural change in the world economy was related to the fundamental reform of the international monetary system. His Group shared the view expressed during the session that there was an intimate relationship between many aspects of international economic issues, including monetary and financial questions, and on the usefulness of consideration within UNCTAD of these broader aspects of trade and development. It hoped that all countries shared the view that the studies requested by the Ad Hoc Intergovernmental High-level Group of Experts and the discussions in that Group would be a useful input for the Board's consideration of the fundamental and broader aspects of the required reform of the international monetary system.

573. As he had noted, some progress had been achieved on agenda item 7. He believed that the problems outstanding in connexion with the preambular part of the text which was being transmitted to the twenty-second session could be resolved and he therefore urged the groups directly involved to show the necessary will, so that an agreed text could emerge at that session. Such an agreement would contribute to the evolution of multilateral mechanisms for promoting trade and economic co-operation among countries having different economic and social systems, in particular between developing countries and the socialist countries of Eastern Europe.

574. In the area of shipping, it should be emphasized that there was an urgent need for future work to concentrate on policy measures in order to increase the share of the developing countries in world shipping, particularly in the bulk sector.

575. In the light of the detailed consideration that the Board had given at the present session to the important issue of rationalization of the permanent machinery of UNCTAD, he stressed that, while it was important to improve the methods of work and to provide better logistical support to UNCTAD's machinery, that should not be done in a manner which might weaken the organization itself, either at the intergovernmental or at the secretariat level. The Board should agree to adopt measures which, while improving the methods of work and logistical support, would at the same time strengthen and enhance the negotiating capacity as well as the deliberative functions of UNCTAD.

576. As he had said in his opening statement, negotiations had recently been successfully concluded in a number of areas which would fundamentally lead to the adoption of legal or quasi-legal instruments in the area of international economic co-operation. That had demonstrated the negotiating capacity of UNCTAD. However, there remained some negotiation exercises launched at Nairobi which had yet to be completed, and in the immediate future it was therefore important to aim at completing those negotiations. In that respect the Board should engage as a matter of high priority in intensive work in order to carry out the five tasks enumerated by the Secretary-General of UNCTAD in his opening statement, so as to implement the Integrated Programme for Commodities in all its aspects. Efforts should also be directed towards reaching an agreement on an international code of conduct on the transfer of technology at the next session of the United Nations Conference on that subject.

577. The spokesman for Group B said that the way in which the work of the Working Group on Rationalization of the Permanent Machinery of UNCTAD had proceeded clearly indicated the difficult nature of the task of rationalizing the permanent machinery of UNCTAD. He appealed to all concerned that they should not wait until a

comprehensive agreement was finalized before putting into practice steps possible even at the present stage. Group B had no intention of weakening the machinery of UNCTAD, its primary aim being to avoid a waste of resources. It would keep that point clearly in mind, especially when dealing with the organization of work of future meetings. In that connexion, it had been encouraged by what had been said by the representative of the Secretary-General of UNCTAD. Progress was always slow in the eyes of those who awaited it. Nevertheless, tangible progress had been made in important areas during the session, and that certainly included the adoption of the resolution on the debt and development problems of developing countries.

578. It was also a tangible achievement that lively and active discussions had been conducted on agenda items 3 and 4. Group B was convinced that the participation of individual delegations in that exercise had contributed to activating greatly the consideration of the substantive issues by the Board. It looked forward to a further and constructive continuation of the trend in a practical manner.

579. The spokesman for Group D, speaking also on behalf of Mongolia, stated that those countries would continue at future sessions to show the maximum possible amount of goodwill and readiness for active and constructive co-operation in order to solve the difficult and often increasingly complex problems that faced UNCTAD.

580. The representative of China noted with satisfaction that the Board had reached agreement on the subjects of the debt and development problems of developing countries, the reverse transfer of technology, developing island countries and the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples, and had decided on action to be taken in the future. Its decisions on those and on other agenda items were conducive to future work. However, it was regrettable that no progress had been made on the problems of protectionism and structural adjustment.

581. It was evident that protectionism was a key issue in international trade and a problem of concern to the numerous developing countries. Nor could developed countries remain indifferent to it. On this question, UNCTAD should not stay at the stage of making reviews and evaluations; instead, it should base itself on the resolutions adopted, find a solution acceptable to all and take effective actions. Simply reviewing this problem was tantamount to conducting idle talk. Many problems in the international economic field involved the relationship between North and South, and delegations should ponder seriously on whether they wished to make progress or to stand still. The international situation called for a global approach so as to make a breakthrough in the North-South dialogue, promote genuine economic co-operation, reform the existing inequitable economic structure, and improve the unfavourable position of the developing countries.

582. Noting that agenda items 3 and 4, as well as item 6, on the rationalization of the permanent machinery of UNCTAD, with which all States members of UNCTAD were concerned, were included in the provisional agenda adopted for the next session, he stated that his delegation hoped that the group of countries concerned would approach these issues with vision and create favourable conditions for the Board to take steps towards the establishment of a new international economic order.

583. The President noted that the topics discussed at the session were important and essential, especially in the present crucial situation, and covered most of the major problems facing the world economy, for which the international community was endeavouring to find effective solutions in various forums. The so-called North-South or East-South dialogue was a serious attempt to confront these problems with a realism, awareness and maturity commensurate with the level of human progress

achieved and with the international community's awareness of these problems and of the need to solve them.

584. As an international forum, UNCTAD perhaps enjoyed a special status, being the oldest forum to concern itself with such problems and to bring about an awareness of them. One delegation had likened the inception of UNCTAD in the early 1960s to a narrow, bumpy road that had now become an active and crowded highway. Circumstances had proved that UNCTAD continued to be the most important element moving along that highway, and continued to play a highly significant role in the dialogue between the various groups which formed human society.

585. However, at its present session the Board had adopted too few resolutions, and many matters had simply been referred to future sessions for further consideration. Yet that did not mean that the Board had failed in its task, for it had adopted a number of important resolutions and had also made some progress on other matters, clarifying the various positions and narrowing the gap between them. Thus, the session could be considered as another link in the continuing dialogue. It would not have been reasonable to expect a solution to all the problems before the session, since some of the agenda items covered topics which in one form or another had been tackled by UNCTAD since its establishment. He was confident that more progress would be achieved, if only as a result of the optimism that prevailed in international forums and of the personal human relations and friendships which bound the various delegations and reflected their understanding of the problems. He was convinced that all wished to continue the dialogue, for it was only thus that the problems would be solved and difficulties overcome.

CHAPTER XI

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

(Agenda items 1, 8, 12 and 14)

A. Opening of the session

586. The twenty-first regular session of the Trade and Development Board was opened by the outgoing President of the Board, Mr. J. Nyerges (Hungary).

B. Election of officers (agenda item 1 (a))

587. At its 537th meeting, on 15 September 1980, the Board elected the following officers:

| | |
|-------------------------|--|
| <u>President:</u> | Mr. M. Oreibi (Libyan Arab Jamahiriya) |
| <u>Vice-Presidents:</u> | Mr. A. Al-Noaimi (United Arab Emirates) |
| | Mr. B. Ekblom (Finland) |
| | Mr. B. Hartantyo (Indonesia) |
| | Mr. A. Hill (Jamaica) |
| | Mr. K. T. Kakwaka (Zaire) |
| | Mr. D. Laloux (Belgium) |
| | Mr. A. Liontas (Greece) |
| | Mr. J. Pasquier Romero (Nicaragua) |
| | Mr. J. Stracar (Czechoslovakia) |
| | Mr. F. Suzuki (Japan) |
| <u>Rapporteur:</u> | Mr. A. Horn (German Democratic Republic) |

C. Announcement of changes in the membership of the Board (agenda item 12 (b))

588. At the 537th meeting, on 15 September 1980, the President of the Board announced that, in accordance with paragraphs 5 and 7 of General Assembly resolution 1995 (XIX), as amended, Democratic Yemen had communicated to the Secretary-General of UNCTAD its intention to become a member of the Board. Accordingly, Democratic Yemen was now a member of the Trade and Development Board. 39/

D. Treatment of new States members of UNCTAD for purposes of elections (agenda item 12 (a))

589. At its 537th meeting, on 15 September 1980, the Board decided that, pending action by the Conference at its sixth session in pursuance of paragraph 6 of

39/ For the membership of the Board at the close of the twenty-first session, see annex V.

General Assembly resolution 1995 (XIX), as amended, Zimbabwe, which had become a Member of the United Nations on 25 August 1980, should be associated with the group of countries listed in part A of the annex to General Assembly resolution 1995 (XIX) (see annex I, Other decisions (a)).

590. At its 540th meeting, on 17 September 1980, the Board decided that, pending action by the Conference at its sixth session in pursuance of the same resolution, Saint Vincent and the Grenadines, which had become a Member of the United Nations on the previous day, should be associated with the group of countries listed in part C of the annex to that resolution (see annex I, Other decisions (a)).

591. Spokesmen for the regional groups and other representatives welcomed Zimbabwe and Saint Vincent and the Grenadines as members of UNCTAD and referred in particular to the liberation of the people of Zimbabwe from colonial rule.

592. The spokesman for the African Group stated that the admission of Zimbabwe as the 153rd Member of the United Nations was a tribute to the efforts of the United Nations in the field of decolonization and the struggle against racism. He had no doubt that Zimbabwe would become an active and influential Member of the United Nations and its organs. The African Group was indeed happy that, despite the stubborn and awesome resistance of the colonialists and racists and their wicked machinations aimed at prolonging the life of the racist minority régime, the people of Zimbabwe had brought about the establishment of its own free and independent State. While rejoicing, however, over the new victory of Zimbabwe, it was difficult for Africans to forget that their continent was not yet entirely free from colonialism, apartheid and racism. Namibia and South Africa were still subject to brutal, racist and oppressive humiliation, but Zimbabwe's victory and independence was a cause for hope that colonialism, apartheid and oppression would finally be eliminated in all parts of the world in compliance with the Declaration on the Granting of Independence to Colonial Countries and Peoples, adopted by the United Nations nearly two decades ago.

593. He added that the impending total collapse of colonialism reminded African countries of an equally formidable task confronting the continent, that of economic liberation. That was a task they shared with other parts of the developing world and in the solution of which the United Nations system had a vital role to play.

594. The spokesman for the Group of 77 said that his Group was unanimous in supporting the statement just made on behalf of the African Group.

595. The spokesman for the Latin American Group said that his Group would have friendly collaboration with Zimbabwe in the Group of 77. A country's accession to independence was always a cause for rejoicing, and that was especially the case for Zimbabwe, which had obtained its freedom at the cost of heroic struggles and sacrifices on the battlefield and extended and fruitful negotiations which the developing countries had followed with keen interest. The independence of Zimbabwe was one more victory in decolonization, which had begun in 1947 with the independence of India.

596. The spokesman for Group D said that the countries of his Group were in complete agreement with the views expressed by the spokesman for the African Group and the Latin American Group. Everyone knew that the victory of the people of Zimbabwe was the result of the Patriotic Front's fight to lead the country to independence. But colonialism and its vestiges were still a serious source of conflict in Africa because of the policy of the Pretoria régime. The countries of Group D reaffirmed their strong and unchanged support for peoples struggling for independence.

597. The spokesman for Group B said that the way in which Zimbabwe had entered upon the international scene had made a considerable contribution to international peace and co-operation. The international community could and must do much to help Zimbabwe.

598. Speaking at the 539th meeting, on 16 September, the representative of China said that the birth of the new Republic of Zimbabwe had ended the ruthless rule by colonialism for nearly one century. Its hard-won independence was the result of the protracted and heroic struggle waged by its people, whose victory was a telling blow to the forces of apathy in the whole of South Africa, and an immense encouragement to the peoples of Namibia and Azania, who were fighting for their national liberation.

599. Speaking at the 541st meeting, on 18 September, the representative of Malta said that, although small, his country had co-operated with the people of Zimbabwe well before its attaining independence. It had extended its helping hand to the liberation movements of Zimbabwe and this assistance would continue in the years to come. He also welcomed Saint Vincent and the Grenadines as the latest addition to the list of developing island countries members of UNCTAD.

E. Adoption of the agenda and organization of work of the session
(agenda item 1 (b))

600. At its 537th meeting, the Board adopted as its agenda for the twenty-first session the provisional agenda approved by the Board at its twentieth session, 40/ as adjusted by the President of the Board in consultation with the Secretary-General of UNCTAD (TD/B/801 and Add.1), introducing a number of subitems into item 9. The agenda as adopted was thus as follows (TD/B/827):

1. Procedural matters:
 - (a) Election of officers;
 - (b) Adoption of the agenda and organization of the work of the session;
 - (c) Adoption of the report on credentials;
 - (d) Provisional agenda for the twenty-second regular session of the Board and organization of the work of the session.
2. Specific matters arising from the resolutions, recommendations and other decisions adopted by the Conference at its fifth session requiring attention or action by the Board at its twenty-first session.
3. Evaluation of the world trade and economic situation and consideration of issues, policies and appropriate measures to facilitate structural changes in the international economy, taking into account the interrelationships of problems in the areas of trade, development, money and finance with a view to attaining the establishment of a new international economic order and bearing in mind the further evolution that may be needed in the rules and principles governing international economic relations.
4. Interdependence of problems of trade, development finance and the international monetary system.

5. Implementation of Trade and Development Board resolution 165 (S-IX) on the debt and development problems of developing countries.
6. Rationalization of the permanent machinery of UNCTAD.
7. Trade relations among countries having different economic and social systems and all trade flows resulting therefrom.
8. Sixth session of the United Nations Conference on Trade and Development: place, date and duration.
9. Matters requiring action by the Board arising from or related to reports and activities of its subsidiary and other bodies:
 - (a) Manufactures and semi-manufactures;
 - (b) Financing related to trade;
 - (c) Shipping;
 - (d) Economic co-operation among developing countries;
 - (e) Medium-term plan and programme budget.
10. Other particular matters in the field of trade and development:
 - (a) Export promotion: report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its thirteenth session;
 - (b) Progressive development of the law of international trade: thirteenth annual report of the United Nations Commission on International Trade Law;
 - (c) Trade and economic aspects of disarmament;
 - (d) Progress in the implementation of:
 - (i) Specific action related to the particular needs and problems of developing island countries;
 - (ii) Specific action related to the particular needs and problems of land-locked developing countries.
11. Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples by the specialized agencies and the international institutions associated with the United Nations.
12. Institutional, organizational, administrative and related matters:
 - (a) Treatment of new States members of UNCTAD for purposes of elections;
 - (b) Announcement of any changes in the membership of the Board and election to membership of main Committees;
 - (c) Designation of intergovernmental bodies for the purposes of rule 78 of the rules of procedure;

- (d) Designation and classification of non-governmental organizations for the purposes of rule 79 of the rules of procedure;
- (e) Review of the calendar of meetings;
- (f) Financial implications of the actions of the Board.

13. Other business.

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

601. Also at the 537th meeting, the Board broadly endorsed the suggestions made by the secretariat (TD/B/801/Add.2) for the organization of work of the session, including a tentative time-table of meetings. Accordingly, four sessional bodies were established as follows:

Sessional Committee I

To consider and report on agenda item 2 (Specific matters arising from the resolutions, recommendations and other decisions adopted by the Conference at its fifth session requiring attention or action by the Board at its twenty-first session) ^{41/} and agenda item 9 (Matters requiring action by the Board arising from or related to reports and activities of its subsidiary and other bodies).

Sessional Committee II

To consider and report on agenda item 7 (Trade relations among countries having different economic and social systems and all trade flows resulting therefrom).

Sessional Committee III

To consider and report on agenda item 2 with respect to Conference resolution 131 (V) (Protectionism and structural adjustment).

Working Group on Rationalization of the Permanent Machinery of UNCTAD

To consider and report on agenda item 6 (Rationalization of the permanent machinery of UNCTAD) and the related question of Conference resolution 114 (V), section II, paragraph 4.

Sessional Committee I

602. Sessional Committee I held eight meetings, from 16 to 25 September 1980.

603. At its opening meeting, on 16 September, it elected as its Chairman Mr. A. Harris (United Kingdom of Great Britain and Northern Ireland) and as its Vice-Chairman-cum-Rapporteur Mrs. C. Sellami-Meslem (Algeria).

604. At its closing meeting, on 26 September, the Sessional Committee considered

^{41/} Except with respect to Conference resolution 131 (V) and Conference resolution 114 (V), sect. II, para. 4.

its draft report (TD/B(XXI)/SC.1/L.1 and Add.1) and adopted it with a number of amendments.

605. At the 544th meeting of the Board, on 27 September, the Chairman of Sessional Committee I introduced the report of the Committee (TD/B(XXI)/SC.1/L.1 and Add.1, as amended and completed by TD/B/L.577). At the same meeting the Board adopted the report of the Sessional Committee for incorporation, as appropriate, in its own report. 42/

Sessional Committee II

606. Sessional Committee II held five meetings, from 16 to 24 September 1980. In addition to the deliberations in Sessional Committee II, bilateral and multilateral consultations were held during the session of the Board between interested countries, in accordance with the relevant decisions of the Conference and the Board. At the closing meeting of the Sessional Committee the Chairman, on the basis of information provided by the UNCTAD secretariat, reported on the substantive results achieved during those consultations. 43/

607. At its opening meeting on 16 September, the Committee elected as its Chairman Mr. A. Saker (Syrian Arab Republic) and as its Vice-Chairman-cum-Rapporteur Mr. W. Józwiak (Poland).

608. At its closing meeting, on 24 September, the Sessional Committee considered its draft report (TD/B(XXI)/SC.II/L.1 and Add.1 and Add.1/Corr.1) and adopted it with a number of amendments.

609. At the 544th meeting of the Board, on 27 September, the Chairman introduced the report of the Committee (TD/B(XXI)/SC.II/L.1 and Add.1 and Add.1/Corr.1 as amended and completed by TD/B/L.575), indicating that he had obtained the agreement of the co-ordinators of the regional groups to the addition of a final paragraph to the report as adopted by the Sessional Committee, which he then read out.

610. At the same meeting, the Board adopted the report of the Sessional Committee, as amended, for incorporation, as appropriate, in its own report. 44/

Sessional Committee III

611. Sessional Committee III held five meetings, from 16 to 24 September 1980.

612. At its opening meeting, on 16 September, the Committee elected Mr. F. Jaramillo (Colombia) as its Chairman and Mr. D. A. Roberts (Canada) as Vice-Chairman-cum-Rapporteur.

613. At its closing meeting, on 24 September, Sessional Committee III considered its draft report (TD/B(XXI)/SC.III/L.2), and adopted it with a number of amendments.

614. At the 544th meeting of the Board, on 27 September, the Chairman of Sessional Committee III introduced the report of the Committee (TD/B(XXI)/SC.III/L.2, as

42/ The substance of the report of the Sessional Committee is incorporated in chapters III and VI.

43/ Cf. Conference resolution 9⁵ (IV), subpara. 10.

44/ The substance of the report of Sessional Committee II is incorporated in chapter V.

as amended and completed by TD/B/L.574). At the same meeting, the Board adopted the report of Sessional Committee III for incorporation, as appropriate, in its own report. 45/

Working Group on Rationalization of the Permanent Machinery of UNCTAD

615. The Working Group held four plenary meetings, from 16 to 26 September 1980, as well as a number of informal meetings.

616. At its opening meeting, on 16 September, it elected as its Chairman Mr. S. Simon (Hungary) and as its Vice-Chairman-cum-Rapporteur Mr. E. Cornell (Sweden).

617. At its 3rd meeting, on 25 September, the Working Group considered its draft report (TD/B(XXI)/WG/L.1) and adopted it with a number of amendments. It decided to hold a final meeting the following day in order to conclude its work and authorized the Rapporteur to submit an account of the proceedings at its final meeting directly to the Board in plenary.

618. At the 544th meeting of the Board, on 27 September 1980, the Chairman of the Working Group introduced its report (TD/B(XXI)/WG/L.1, as amended by TD/B/L.576 and completed by TD/B/L.576/Add.1). 46/ At the same meeting the Board adopted the report of the Working Group, for incorporation, as appropriate, in its own report. 47/

F. Adoption of the report on credentials (agenda item 1 (c))

619. At its 543rd meeting, on 24 September 1980, the Board adopted the report of the Bureau on Credentials (TD/B/828).

G. Membership and attendance 48/

620. The following States members of UNCTAD members of the Board were represented at the session:

| | | |
|------------|---------------------|--------------------|
| Algeria | Burundi | Czechoslovakia |
| Argentina | Byelorussian Soviet | Denmark |
| Australia | Socialist Republic | Dominican Republic |
| Austria | Canada | Ecuador |
| Bangladesh | Chile | Egypt |
| Belgium | China | El Salvador |
| Bolivia | Colombia | Ethiopia |
| Brazil | Costa Rica | Finland |
| Bulgaria | Cuba | France |
| Burma | Cyprus | Gabon |

45/ The substance of the report of Sessional Committee III is incorporated in chapter III, section F.

46/ For substantive remarks by the Chairman on the report, see paras. 546-549.

47/ The substance of the report of the Working Group is contained in chapter IX.

48/ For the list of participants in the session, see TD/B/INF.103.

| | | |
|------------------------------|-------------------|--|
| German Democratic Republic | Malaysia | Sudan |
| Germany, Federal Republic of | Mali | Sweden |
| Ghana | Malta | Switzerland |
| Greece | Mexico | Syrian Arab Republic |
| Guatemala | Mongolia | Thailand |
| Honduras | Netherlands | Trinidad and Tobago |
| Hungary | New Zealand | Tunisia |
| India | Nicaragua | Turkey |
| Indonesia | Nigeria | Ukrainian Soviet Socialist Republic |
| Iran | Norway | Union of Soviet Socialist Republics |
| Iraq | Oman | United Arab Emirates |
| Ireland | Pakistan | United Kingdom of Great Britain and Northern Ireland |
| Israel | Panama | United Republic of Cameroon |
| Italy | Peru | United Republic of Tanzania |
| Ivory Coast | Philippines | United States of America |
| Jamaica | Poland | Uruguay |
| Japan | Portugal | Venezuela |
| Jordan | Qatar | Viet Nam |
| Kenya | Republic of Korea | Yemen |
| Kuwait | Romania | Yugoslavia |
| Lebanon | Saudi Arabia | Zaire |
| Liberia | Senegal | |
| Libyan Arab Jamahiriya | Singapore | |
| Liechtenstein | Somalia | |
| Luxembourg | Spain | |
| Madagascar | Sri Lanka | |

621. The following other State member of UNCTAD was represented at the session:
Hcly See.

622. The following United Nations bodies were represented at the session: the Economic Commission for Europe, the United Nations Industrial Development Organization, the United Nations Development Programme and the International Trade Centre UNCTAD/GATT.

623. The following specialized agencies were represented at the session:

International Labour Organization
Food and Agriculture Organization of the United Nations
World Bank
International Monetary Fund
Inter-Governmental Maritime Consultative Organization
World Intellectual Property Organization

The General Agreement on Tariffs and Trade was also represented at the session.

624. The following intergovernmental organizations were represented at the session:

Arab Federation of Shipping
Commonwealth Secretariat
Council for Mutual Economic Assistance
European Economic Community
European Free Trade Association
International Bank of Economic Co-operation
Organisation for Economic Co-operation and Development

Organization of African Unity
Organization of American States
Permanent Secretariat of the General Treaty on Central American
Economic Integration

625. The following non-governmental organizations were represented at the session:

General category:

Afro-Asian People's Solidarity Organization
Christian Democratic World Union.
International Bar Association
International Chamber of Commerce
International Christian Union of Business Executives
International Confederation of Free Trade Unions
International Co-operative Alliance
International Foundation for Development Alternatives
Women's International League for Peace and Freedom
World Confederation of Labour
World Federation of Trade Unions

Special category:

Council of European and Japanese National Shipowners' Associations
International Organization of Consumer Unions

626. The African National Congress of South Africa and the Pan Africanist Congress of Azania participated in the session pursuant to General Assembly resolution 3280 (XXIX); the Palestine Liberation Organization participated in the session pursuant to General Assembly resolution 3237 (XXIX).

H. Designation of intergovernmental bodies for the purposes of rule 78 of the rules of procedure (agenda item 12 (c))

627. At its 543rd meeting, on 24 September 1980, the Board decided that the following body which had applied for designation under rule 78 of the rules of procedure of the Board and rule 80 of the rules of procedure of the Conference should be so designated 49/ (see annex I, Other decisions (b)):

International Tea Promotion Association.

I. Designation and classification of non-governmental organizations for the purposes of rule 79 of the rules of procedure (agenda item 12 (d))

628. At its 543rd meeting, on 24 September 1980, the Board approved the applications by the following non-governmental organizations 50/ for designation under rule 79 of

49/ The application by this intergovernmental body, together with information on its history, aims and structure, is contained in document TD/B/R.23 (derestricted).

50/ The applications by these non-governmental organizations, together with information on their history, structure and functioning, are contained in documents TD/B/R.22 and Add.1-3 (derestricted).

the rules of procedure of the Board for the purpose of that rule and rule 81 of the rules of procedure of the Conference and decided, in accordance with the recommendations of the Secretary-General of UNCTAD (TD/B/817), that they should be classified as follows (see annex I, Other decisions (c)):

General category

Society for International Development

Special category for the UNCTAD organ (other than the Board) indicated

| | |
|--|--|
| Arab Federation for Engineering Industries | Committee on Shipping Committee on Transfer of Technology |
| Latin American Federation of International Transport Users' Councils | Committee on Shipping Committee on Transfer of Technology |

J. Election to membership of main committees (agenda item 12 (b))

629. At its 543rd meeting, on 24 September 1980, the Board confirmed the membership of its main committees as listed in its report on its nineteenth session 51/ and declared Nicaragua and Democratic Yemen elected to the Committee on Commodities, the Committee on Manufactures and the Committee on Transfer of Technology, bringing the membership of those committees to 97, 92 and 89 respectively; Cyprus and Democratic Yemen elected to the Committee on Shipping, bringing the membership of that committee to 93; and Democratic Yemen elected to the Committee on Invisibles and Financing related to Trade and the Committee on Economic Co-operation among Developing Countries, bringing the membership of those committees to 96 and 97 respectively. 52/

K. Sixth session of the United Nations Conference on Trade and Development: place, date and duration (agenda item 8)

630. The General Assembly, in paragraph 26 of its resolution 34/196 of 19 December 1979, requested the Board, at its twenty-first session, to recommend the place, date and duration of the sixth session of the Conference, bearing in mind the offer made in this regard by the Government of Cuba.

631. At the 543rd plenary meeting, on 24 September, the representative of Cuba confirmed the offer of his country to host the sixth session of the Conference in Havana at a date and with a duration to be determined by the Board. He stated that his Government's offer was made in the spirit of international co-operation that should prevail in the work of UNCTAD. In addition to offering all the guarantees and security necessary for the work of the sixth session, his Government was ready to receive a team from the UNCTAD secretariat which could familiarize itself with the available facilities and infrastructure; it was also ready to consider appropriate recommendations regarding all the facilities required for holding the sixth session of the Conference in Havana.

51/ Official Records of the General Assembly, Thirty-fourth Session, Supplement No. 15 (A/34/15), vol. II, part one, annex VII.

52/ For the complete list of States members of the main committees, see annex VI.

Action by the Board

632. At the same meeting, upon the proposal of the President, made in the light of consultations with regional co-ordinators and with the representative of Cuba, the Board decided that the matter of its recommendation to the General Assembly regarding the holding of the sixth session of the Conference in 1983, including the place and duration thereof, should be deferred to the twenty-second session of the Board. In making this recommendation, the Board would take into account the offer made by Cuba during its tenth special session to host the Conference, which had been reiterated during the fifth session of UNCTAD, as well as the statement by the representative of Cuba reported in the preceding paragraph (see annex I, Other decisions (d)).

L. Review of the calendar of meetings (agenda item 12 (c))

633. The representative of the Secretary-General of UNCTAD drew attention to a number of changes which should be made in the annex to the draft calendar contained in TD/B/L.567 in the light of the Board's discussions at its current session. He also drew attention to the statement of financial implications of the proposed calendar of meetings, contained in TD/B/L.567/Add.2, noting that the financial implications of the one addition to the calendar not covered in that document, namely the consultations on the United Nations Conference on an International Code of Conduct on the Transfer of Technology, were estimated at \$13,000. He added that, in the light of discussions at the twentieth session of the Board, 53/ the secretariat had endeavoured to draw up the calendar in such a way as to avoid as far as possible scheduling more than two UNCTAD meetings at any one time. The revised calendar for 1981 contained only three short periods in which there were three simultaneous meetings (19-20 February, 23-24 February and 11 May). However, the addition of any further meetings to the calendar would make it more difficult to observe that rule.

634. He also stated that the proposed calendar had been prepared on the assumption that the General Assembly would decide that the tenth session of the Third United Nations Conference on the Law of the Sea would be held in New York in March/April 1981 and that the consequence of that decision would not be the shifting to Geneva of meetings currently scheduled to be held in New York. However, there was some cause for caution, first because the General Assembly had not yet come to a final decision in that respect, and secondly because, if that Conference was held in New York, the question of the detailed re-scheduling of meetings currently due to be held in New York would arise. In that connexion, representatives might wish to call to the attention of their colleagues attending the current session of the General Assembly the need to avoid strains on the Geneva conference facilities which might put into jeopardy the integrity of the heavily loaded calendar of UNCTAD meetings, in conformity with Board resolution 188 (XIX).

635. On the subject of the servicing of meetings, he noted that the current session of the Board had involved the servicing of plenary meetings and of four sessional bodies. As one sessional body could generate up to five meetings of regional and contact groups requiring services, the Board might wish to bear the experience of its present session in mind when deciding on the organization of its sessions in the future. Referring to one of the points of convergence in the three draft resolutions which had been discussed in the Working Group on Rationalization, namely the precept that week-end and night meetings should be held only exceptionally, he observed that

the secretariat had pressed for the present (closing) meeting of the session to be held on Saturday evening - apparently in defiance of that precept - because it believed that, unless the calendar of meetings was respected, there could be no orderliness in UNCTAD's work. If the Board could not keep its own house in order in that respect, the secretariat would have no precedent to invoke when lesser bodies sought to follow the Board's example and extend their sessions beyond their scheduled completion dates, thereby disrupting other scheduled UNCTAD meetings. The key to this problem was the setting of a deadline of Thursday evening for the completion of the substantive work of bodies due to close on Friday, a point which he was pleased to note had, belatedly, been in the minds of delegations when the time-table for the conclusion of the present session had been reviewed.

636. The spokesman for Group D, speaking also on behalf of Mongolia, said that, if the Board could not keep its own house in order, it could not expect to bring improvements to the work of UNCTAD. The question of the calendar of meetings was linked with the problem of the rationalization of UNCTAD's machinery. However much each meeting could be considered justified in itself, the excessive growth in the total number of meetings could hardly lead to the increased effectiveness of the work of UNCTAD. It also entailed increased expenditure, which was a matter of particular concern to his Group.

637. He then referred to the timing of the sessions of the Board in relation to the sessions of the Working Party on the Medium-term Plan and the Programme Budget. The example of the most recent session of the Working Party showed that its meetings were not being prepared as well as they might because the necessary documents had not been available in good time. Moreover, in order to complete its work, the Working Party had had to borrow facilities from the present session of the Board, thus virtually depriving the Board of the possibility of considering and assessing in a business-like fashion the report of the Working Party. Thought should be given to the timing of sessions of the Working Party so that delegations would have enough time to prepare themselves for the discussion of its report at the Board.

638. The spokesman for the Group of 77 recalled that the Fifth Preparatory Meeting on Cotton had suggested that the Sixth Preparatory Meeting should be held in the second half of 1980. The Group of 77 now recommended, after consultations with a number of producing countries, that the meeting should be held in the first quarter of 1981, the exact date to be established by the Ad hoc Intergovernmental Committee for the Integrated Programme for Commodities at its forthcoming tenth session.

639. The President, referring to the points made by the spokesman for Group D, said that those points should be raised in the context of the consultations of the Secretary-General of UNCTAD held pursuant to Board decision 143 (XVI).

Action by the Board

640. At the same meeting, the Board, having taken note of the financial implications thereof, 54/ approved a revised calendar of meetings for the remainder of 1980, a calendar of meetings for 1981, and tentative schedules of meetings for 1982 and 1983 (see annex I, decision 225 (XXI)).

641. The spokesman for Group B said that, in accepting the calendar proposed by the secretariat, it did so without prejudice to its well-known position with respect to the Meetings of Governmental Experts of Developing Countries on

54/ See annex IV.

Economic Co-operation among Developing Countries and the second session of the Ad hoc Intergovernmental High-level Group of Experts on the Evolution of the International Monetary System contained therein. Its position on these matters had been expressed in detail during discussions at the present session of the Board (see paras. 414 and 437).

M. Provisional agenda for the twenty-second regular session of the Board and organization of the work of the session (agenda item 1 (d))

642. The draft provisional agenda for the twenty-second regular session of the Board was before the Board in a note by the UNCTAD secretariat (TD/B/L.571).

643. The President drew attention to three items which would need to be added in the light of decisions adopted at the present session - "Evaluation of the world trade and economic situation ..." (see para. 160), "Rationalization of the permanent machinery of UNCTAD" (see para. 550), and "Progress in the implementation of specific action related to the particular needs and problems of island developing countries" (see para. 485 above and annex I below). In addition, the wording of proposed agenda item 5 in TD/B/L.571 required modification.

Action by the Board

644. At its 544th meeting, on 27 September 1980, the Board approved the provisional agenda for its twenty-second regular session (see annex III), authorizing the President, in consultation with the Secretary-General of UNCTAD, to adjust it in the light of developments. The Board also requested the Secretary-General of UNCTAD to consult with delegations regarding the organization of the work of the session and to circulate his suggestions thereon.

N. Financial implications of the actions of the Board (agenda item 12 (f))

645. In connexion with the calendar of meetings and the endorsement by the Board of certain resolutions and decisions adopted by its subsidiary bodies, the UNCTAD secretariat submitted, under rule 31 of the rules of procedure, statements concerning the financial implications of the actions proposed. 55/

O. Adoption of the report of the Board to the General Assembly (agenda item 14)

646. At its 544th meeting, on 27 September 1980, the Board adopted the draft report on its twenty-first session (TD/B/L.572 and Add.1, Add.2, and Add.2(A) and Add.3-6), with one amendment, and authorized the Rapporteur to complete the report as appropriate and make any necessary editorial changes. In so doing it adopted its sixteenth annual report to the General Assembly, consisting of the reports on its eleventh special session (14 and 20 March 1980), its twentieth session (17-26 March 1980) and its twenty-first session (15-27 September 1980).

P. Closure of the session

647. At the 544th meeting, the President declared closed the twenty-first session of the Trade and Development Board.

55/ The statements of financial implications relating to the actions of the Board are reproduced in annex IV.

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Resolutions and decisions adopted by the Trade and Development Board
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RESOLUTIONS AND DECISIONS ADOPTED BY THE TRADE AND
DEVELOPMENT BOARD AT ITS TWENTY-FIRST SESSION

RESOLUTIONS

219 (XXI). Development aspects of the reverse transfer
of technology

The Trade and Development Board,

Recalling that the General Assembly, in its resolution 34/200 of 19 December 1979 on development aspects of the reverse transfer of technology, inter alia requested, in paragraph 4, that the Trade and Development Board, as envisaged in paragraph 6 of resolution 102 (V) of the United Nations Conference on Trade and Development, should proceed at its twentieth session with the consideration of appropriate arrangements, including the necessity of convening a group of experts to examine the feasibility of measuring human resource flows,

Recalling further its decision 212 (XX) of 25 March 1980 to remit to its twenty-first session the request made by the General Assembly in paragraph 4 of its resolution 34/200,

Aware that the question of appropriate areas of competence with respect to co-ordination of treatment of this issue, pursuant to paragraph 6 of Conference resolution 102 (V) and to paragraph 3 of General Assembly resolution 34/200, is under consideration within the United Nations system,

1. Expresses the hope that, on the basis of the consideration of the question of appropriate areas of competence with respect to the co-ordination of treatment of this issue within the United Nations system, the Secretary-General of the United Nations will soon take the necessary measures with respect to the co-ordination of the treatment of the question of reverse transfer of technology within the United Nations system, as requested by the General Assembly in paragraph 3 of its resolution 34/200:

2. Decides to refer to the Committee on Transfer of Technology at its third session the notes by the UNCTAD secretariat on development aspects of the reverse transfer of technology; a/

3. Requests the Committee on Transfer of Technology at its third session to consider appropriate arrangements, including the necessity of convening an intergovernmental group of experts to examine the feasibility of measuring human resource flows, and to make appropriate recommendations to the Trade and Development Board at its twenty-second session.

544th meeting
27 September 1980

a/ TD/B/L.554 and Add.1, reproduced in Official Records of the Trade and Development Board, Twenty-first Session, Annexes, agenda item 2.

220 (XXI). Trade relations among countries having different economic and social systems and all trade flows resulting therefrom

The Trade and Development Board,

Recognizing once again the great importance of trade and economic co-operation among countries having different economic and social systems and all trade flows resulting therefrom,

Reaffirming resolutions 15 (II) of 25 March 1968, 53 (III) of 19 May 1972 and 95 (IV) of 31 May 1976 of the United Nations Conference on Trade and Development, and considering it necessary to make efforts to continue to implement these resolutions,

Bearing in mind the provisions of the draft resolutions on trade relations among countries having different economic and social systems and all trade flows resulting therefrom submitted at the fifth session of the Conference by the States members of Group D b/ and by the States members of the Group of 77, c/ and the useful discussions on those two draft resolutions at the twenty-first session of the Trade and Development Board, which enabled the member countries to define more clearly their positions and to draw nearer their points of view on a number of issues, d/

1. Requests States members of UNCTAD to continue efforts aimed at the further expansion of trade relations among countries having different economic and social systems, bearing in mind the necessity to promote the economic development of developing countries;

2. Decides to this end, bearing in mind the progress reached at its twenty-first session on this subject, to continue at its twenty-third session the consideration of the above provisions on the basis, as appropriate, of the text annexed to this resolution.

544th meeting
27 September 1980

b/ TD/L/189, see Proceedings of the United Nations Conference on Trade and Development, Fifth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.79.II.D.14), annex I, A.

c/ TD/L/190, ibid.

d/ See paras. 300-339 above.

ANNEX

Informal text on agenda item 7 resulting from discussions held in the Contact Group of Sessional Committee II during the twenty-first session of the Trade and Development Board

The Trade and Development Board,

/Convinced that disarmament and arms limitation, particularly in the nuclear field, are essential for the prevention of the danger of nuclear war and the strengthening of international peace and security and for the economic and social advancement of all peoples, thus facilitating the achievement of the new international economic order./

/Convinced that disarmament and arms limitation, particularly in the nuclear field, are essential for the prevention of the danger of nuclear war and the strengthening of international peace and security and for the economic and social advancement of all peoples, thus facilitating the achievement of the new international economic order: that the dynamic development of détente, encompassing all spheres of international relations in all regions of the world, with the participation of all countries, would create conditions conducive to the efforts of States to end the arms race which has engulfed the world, thus reducing the danger of war; and that progress on détente and progress on disarmament mutually complement and strengthen each other./

Noting that, although /considerable/ progress has been made in economic and trade relations between countries having different economic and social systems, those relations could nevertheless be further increased and improved,

Recalling the importance and relevance of resolutions 15 (II), 53 (III) and 95 (IV) of the United Nations Conference on Trade and Development to this agenda item and the need to implement them,

/Convinced that relations between countries having different economic and social systems should be developed on the basis of equality and mutual advantage and should be free of discrimination and artificial barriers./

/Stressing the importance of ensuring appropriate conditions for the conduct of normal economic relations among all States, irrespective of differences in economic and social systems./

Referring to the relevant proposals of developing countries members of the Group of 77 as contained in the Arusha Programme for Collective Self-Reliance and Framework for Negotiations, e/

e/ See Proceedings of the United Nations Conference on Trade and Development, Fifth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.79.II.D.14), annex VI, sect. III, "Item 17 of the provisional agenda for the fifth session of the Conference".

Considering the urgent and important need for the developing countries to diversify, increase and improve their over-all economic and trade relations, and taking into account the present situation of the international economy, as well as the growing protectionism / protectionist measures / protectionist pressures, it is necessary for the economic and trade relations between countries having different economic and social systems to be developed and strengthened in conformity with the objectives of the new international economic order,

Calling upon all countries to play an increasingly more active role in bringing about the early establishment of the new international economic order,

Emphasizing that among the elements which would contribute to the achievement of a greater and better economic relationship between developing countries and socialist countries of Eastern Europe are, inter alia:

- (a) The need for planning trade by means of long-term agreements and contracts;
- (b) Consideration of comprehensive approaches to economic relations;
- (c) The greater capacity of the developing countries to formulate policies for foreign economic relations and to achieve their implementation;
- (d) Mutual expansion of trade based, among other measures, on the extension to the developing countries of non-reciprocal tariff preferences, and a greater impact of multilateral approaches;

I

1. Calls upon the partners in East-West trade to endeavour to intensify and expand co-operation further on the basis of equality and mutual advantage, to promote the elimination of discriminatory economic, administrative, commercial and political obstacles in economic relations between these groups of countries, and not to permit the introduction of new restrictions or an increase in protectionism;

2. Recommends to the partners in this area of international economic relations that they should make greater use of such new large-scale forms of co-operation as long-term agreements and programmes of commercial, economic, industrial and scientific and technical co-operation, and in so doing ensure that the implementation of such agreements and programmes has a stimulating effect on the development of trade and economic relations of both groups of countries with developing States;

3. Recommends that steps should be taken to develop tripartite co-operation and to embark upon tripartite projects with the participation of the socialist countries of Eastern Europe, the market economy countries and the developing countries in the fields of industry, energy, agriculture, infrastructure and other sectors;

4. Calls upon the partners in East-West trade to make efforts to diversify trade flows in both directions in order to eliminate the unbalanced nature of export-import patterns as well as the growing imbalances in such trade, which might, in a number of instances, constitute an obstacle to an expansion of imports from the developing countries;

14. Invites the developing countries, the socialist countries of Eastern Europe and the developed market-economy countries to continue to implement Conference resolutions 15 (II), 53 (III) and 95 (IV) with the aim of intensifying their mutual trade and economic relations;

15. Invites the developing countries, the socialist countries of Eastern Europe and the developed market-economy countries to expand multilateral forms of economic co-operation and to continue to study the possibilities of, and thereafter to implement, tripartite economic and industrial co-operation in the fields, inter alia, of agricultural production, research and infrastructure, with the participation of the developing countries, the socialist countries of Eastern Europe and the developed market-economy countries, paying particular attention to the specific problems of developing countries;

16. Invites the countries participating in East-West trade, in expanding their trade and economic relations, to take fully into account the interests of developing countries in order to provide them with really positive trade possibilities;

II

17. Calls upon the socialist countries of Eastern Europe and the developing countries to give new impetus to their co-operation and to continue to expand the scope thereof by increasing the reliability of their mutual relations and by promoting their development;

18. Recommends that measures aimed at the establishment of new instruments and the improvement of existing instruments for the promotion of economic and trade relations between the socialist countries of Eastern Europe and the developing countries should embody the following provisions:

(a) Extension of the practice of long-term intergovernmental agreements covering potential areas of trade development with the developing countries, particularly in the field of manufactures and semi-manufactures, without prejudice to those countries' traditional exports; in this manner developing countries will be aware of the potential that the socialist countries of Eastern Europe would have for their exports, with a view to enabling them to diversify their export trade;

(b) Elaboration on a bilateral basis of long-term programmes of economic, commercial and scientific and technical co-operation, which should encompass a wide range of sectors, define projects to be carried out, and include new spheres and forms of co-operation in addition to traditional ones;

(c) Adoption of measures to ensure that the execution of such programmes contributes to the further expansion of mutual trade and to greater balance in its composition through the extension of the range of goods delivered in each direction, and provides opportunities for a determined search for ways and means to that end, which include expansion in the developing countries of certain types of production to which local conditions are conducive;

- (d) Expansion of assistance to developing countries in the exploitation of their natural resources under conditions which guarantee genuine sovereignty and respect for the legitimate rights of the co-operating parties;
- (e) Encouragement, on the basis of measures ranging from extension to the developing countries of non-reciprocal tariff preferences to preferential duty-free entry, of purchases of the manufactures and semi-manufactures produced by the national industries of those countries; and continuation of efforts to improve and perfect the systems of preferences in the socialist countries of Eastern Europe, particularly through the application of the unified rules of origin in respect of goods from developing countries;
- (f) (i) Payments between the developing countries and the socialist countries of Eastern Europe should be effected, where appropriate and agreed upon, in convertible currency;
- (ii) If a clearing agreement is discontinued, settlement by the developing countries of credits foreseen to be effected in products should be made at mutually agreed terms and prices / equitable and remunerative prices /;
- (iii) Improvement in the payments arrangements between the developing countries and the socialist countries of Eastern Europe by, inter alia, the use of transferable roubles; /so that developing countries if they wish can use their surplus balances in transactions with other countries members of the Council for Mutual Economic Assistance, or transfer such balances into convertible currencies /;
- (g) (i) Where parties to co-operation consider it advantageous, joint ventures should be promoted and established, particularly in the fields of industry, agriculture and trade; such joint ventures should be based on effective participation of nationals of developing countries and greater utilization of local materials;
- (ii) The objective of such joint ventures should be to promote the industrialization of developing countries and to increase exports of manufactured and semi-manufactured products from those countries;

3. Financial assistance

(a) The socialist countries of Eastern Europe should accelerate their financial assistance to developing countries with a view to meeting the target of 0.7 per cent of official development assistance set out in the International Development Strategy for the Second United Nations Development Decade before the end of 1980;

(b) The socialist countries of Eastern Europe should adopt the necessary measures which would make the Special Fund of the International Investment Bank effective, so that its available resources would be provided to developing countries for the identification and financing of national, subregional and regional projects directly or through the regional development banks;

(c) Through this bank, the socialist countries of Eastern Europe should arrange and improve the use of resources earmarked for financial assistance to developing countries by, inter alia, increasing the share of convertible currencies therein and lowering the rates of interest levied on borrowings in convertible currency by developing countries; /

3. (a) Notes the readiness of the socialist countries of Eastern Europe to develop further economic and technical co-operation with the developing countries which is aimed at the development of their national economies and the enhancement of their industrial, scientific and technical potential, and which also contributes to the further expansion of commercial and economic relations with the socialist countries of Eastern Europe on a long-term, stable and mutually beneficial basis;

(b) Recommends the continuation of the practice of including in agreements and contracts, when this is mutually acceptable and feasible, provisions on the repayment of loans by deliveries and the purchase on commercial terms of the output of enterprises which are built in developing countries with the assistance of the socialist countries of Eastern Europe;

(c) Further recommends that, when specific problems arise, a search for mutually acceptable solutions should be conducted, on a bilateral basis, to questions of the volume and conditions of economic and technical co-operation and the related credits, including the repayment of such credits; /

4. Recommends also the continuation of efforts to improve the work of bilateral intergovernmental commissions (committees) of the socialist countries of Eastern Europe and the developing countries on commercial, economic and scientific and technical co-operation, with a view to further enhancing their role in the organization and administration of co-operation and in the determination of prospects for its development; adjustment and expansion of contacts between the planning organs of the socialist countries and the developing countries and between their chambers of commerce; and the provision to interested developing countries of assistance in the preparation of economic development plans and programmes, inter alia, in the foreign trade sector;

5. Urges that encouragement should be given to multilateral approaches in relations between the socialist countries of Eastern Europe and the developing countries, which will make possible further relations between one or several countries of one group and one or several countries of the other group, inter alia, through the corresponding secretariats of their economic groupings;

III

1. Requests the Secretary-General of UNCTAD:

(a) To intensify the existing technical assistance activities of UNCTAD in its capacity of an executing agency of the United Nations Development Programme, in close co-operation with the United Nations regional commissions, in order to respond more effectively to the requests and needs of the developing countries in this field, by organizing more specific training courses, by providing wider dissemination of practical trade and economic information and by expanding and improving advisory services to the developing countries when so requested, in order to assist them in the formulation and implementation of specific policies aimed at promoting and developing trade and economic co-operation with the socialist countries of Eastern Europe;

(b) To take steps to strengthen the services of the UNCTAD secretariat with a view to ensuring support for the technical assistance projects, including the UNDP/UNCTAD comprehensive programme for the next cycle, 1982-1986 of the United Nations Development Programme, to be implemented in co-operation with the United Nations regional commissions and the International Trade Centre UNCTAD/GATT;

(c) To continue to organize bilateral and multilateral consultations on specific issues not only at regular sessions of the Board but also outside its framework;

(d) Pursuant to Trade and Development Board decision 186 (XIX), to report to the Board on action undertaken in implementing the various recommendations and requests contained in this resolution;

2. Requests the United Nations Development Programme to increase its support of the activities mentioned in this resolution;

3. Calls upon the socialist countries of Eastern Europe and the developing countries to take an active part, and upon the United Nations Development Programme, UNCTAD, the United Nations regional commissions and the International Trade Centre UNCTAD/GATT to provide all possible assistance, in the execution of the technical assistance activities mentioned in paragraph 1, subparagraph (b), of this section.

222 (XXI). Debt and development problems of developing countries

The Trade and Development Board,

A

1. Welcomes the announcement by the States members of the Development Assistance Committee regarding measures taken in pursuance of section A of Trade and Development Board resolution 165 (S-IX) of 11 March 1978, and their affirmation to implement fully section A of that resolution;

2. Takes note of the nature, scope and coverage of the measures announced so far by different developed donor countries in relation to the provisions and decisions of resolution 165 (S-IX) and the resultant variation in their implementation;

3. Notes that the Finance Ministers of the Group of 77, at their meeting in Belgrade on 29 September 1979, reiterated the position expressed in the Arusha Programme for Collective Self-Reliance and Framework for Negotiations that developed countries which grant relief measures to only a limited group of poorer developing countries should not be considered as having implemented fully resolution 165 (S-IX); f/

f/ See Proceedings of the United Nations Conference on Trade and Development, Fifth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.79.II.D.14), annex VI, sect. III, "Item 12 (d)(i) of the provisional agenda for the fifth session of the Conference, para. (a)".

4. Notes also the appreciation expressed by the Group of 77 of the action taken by some developed donor countries which have interpreted and applied the retroactive adjustment of terms in a manner which has met fully the expectations of developing countries in respect of the implementation of section A of resolution 165 (S-IX);

5. Takes note of the statement by States members of the Development Assistance Committee that they are fully implementing section A of resolution 165 (S-IX), taking into account paragraph 5 of that resolution:

6. Urges all developed donor countries which have not done so to take the necessary steps to implement fully and immediately section A of resolution 165 (S-IX) regarding adjustment of terms on past official development assistance debt:

7. Agrees that developed donor countries should seek to continue to adopt retroactive adjustment of terms or equivalent measures in accordance with section A of resolution 165 (S-IX), so that the improvement in current terms can be applied to outstanding official development assistance debt;

8. Invites the Secretary-General of UNCTAD to keep this matter under close and continuous review and assessment and to report to the Trade and Development Board at its twenty-second session on the coverage and the degree of retroactive adjustment of terms and equivalent measures taken by developed countries in pursuance of section A of resolution 165 (S-IX);

9. Further invites all developed countries to make available to UNCTAD data necessary for this review;

B

10. Endorses the agreed detailed features contained in the annex to this resolution, which elaborate the basic concepts contained in section B of resolution 165 (S-IX), and agrees that States members of UNCTAD be guided by these agreed features in future operations relating to debt problems of interested developing countries;

11. Agrees further that, whenever a developing country believes it faces difficulties involving debt, it may initiate consideration of a debt operation in the context of appropriate multilateral forums agreed upon by debtor and creditors; this operation will be guided by and consistent with the agreed features;

12. Decides that such a country should be able to avail itself of the expertise of appropriate international institutions which could provide, in consultation with it, an objective and comprehensive analysis of its economic situation, taking into account its economic and social objectives and development prospects; to this end, the Board invites the President of the World Bank and the Managing Director of the International Monetary Fund, in consultation with the Secretary-General of UNCTAD, to consider as soon as possible effective procedures for responding in a co-ordinated manner to requests for analysis from developing countries, and requests the Secretary-General of UNCTAD to report on the consultations to the Trade and Development Board at its twenty-second session;

13. Agrees also that, only at the request of the debtor country concerned, appropriate international institutions would provide the multilateral forum with the above-mentioned and other relevant analyses in order to aid the forum in arriving at satisfactory and equitable results;

14. Welcomes, in the context of Trade and Development Board resolution 132 (XV) of 15 August 1975, the invitation by the Chairman of the Paris Club to the Secretary-General of UNCTAD to participate in the meetings of that creditor group on the same basis and terms as the representatives of other international organizations participating and agrees in this context that the Secretary-General of UNCTAD would have a particular interest in the agreed features;

15. Agrees to review at its twenty-sixth session the arrangements agreed to above in this section, and to this end requests the Secretary-General of UNCTAD, and invites the heads of concerned multilateral institutions and forums, to provide all relevant information and documentation.

544th meeting
27 September 1980

ANNEX

Detailed features for future operations relating to the debt problems of interested developing countries

I. PREAMBLE

1. In pursuance of Trade and Development Board resolution 165 (S-IX), and taking into account the work of the Intergovernmental Group of Experts on Debt and Development Problems of Developing Countries, g/ the following features for future operations relating to the debt problems of interested developing countries are agreed upon.

2. It was further agreed that finding a means through which debt-servicing difficulties could be avoided was one of the most important tasks facing the international community. The avoidance of debt-servicing difficulties under conditions that are consistent with an orderly development process in developing countries is in the interest of both creditor and debtor countries.

3. Nevertheless, it was recognized that problems could arise and that it was important to have agreed arrangements for timely action.

II. OBJECTIVES

4. International action, which may vary according to the nature of the problem of the debtor country:

g/ See "Report of the Intergovernmental Group of Experts on Debt and Development Problems of Developing Countries" (Official Records of the Trade and Development Board, Tenth Special Session, Annexes, agenda item 3, document TD/B/730).

- (a) Should be expeditious and timely;
- (b) Should enhance the development prospects of the debtor country, bearing in mind its socio-economic priorities and the internationally agreed objectives for the development of developing countries;
- (c) Should aim at restoring the debtor country's capacity to service its debt in both the short-term and the long-term, and should reinforce the developing country's own efforts to strengthen its underlying balance-of-payments situation;
- (d) Should protect the interests of debtors and creditors equitably in the context of international economic co-operation.

III. OPERATIONAL FRAMEWORK

Initiation

5. International consideration of the debt problem of a developing country would be initiated only at the specific request of the debtor country concerned. Accordingly, the country concerned may request such consideration at an early stage, when, in its judgement, the problem involving indebtedness exists or is likely to emerge.

Analysis

6. The nature of the problem may vary from acute balance-of-payments difficulties requiring immediate action to longer-term situations relating to structural, financial and transfer-of-resources problem requiring appropriate longer-term measures.

7. In all cases the following elements would be considered in determining appropriate international action:

(a) Examination of the domestic economic situation of the country, including an analysis of its use of both domestic and external resources for safeguarding its development process;

(b) Impact of external factors on the developmental and financial problems of the debtor country;

(c) Estimates of short-term and long-term developmental capital requirements and projected availabilities;

(d) Projection of debt-servicing requirements and review of measures adopted by the country concerned to avoid debt-servicing difficulties;

(e) Particular consideration of the structure and prospects of all items of the balance-of-payments, exchange rate and monetary policies.

8. In the case of acute balance-of-payments difficulties, the analysis would give special attention to the debtor country's short-term economic and financial policies, prospects and requirements. In the case of longer-term problems, the

analysis would give special attention to the financing of long-term investment and associated resource transfers.

Action

9. In the light of the analysis described above, a comprehensive programme of action will be agreed upon aimed at meeting the objectives described in section II above. The action programme, which will include both domestic and international measures, will vary from case to case depending on the nature of the problem at hand and the development prospects of the debtor country.
10. International measures to be implemented by bilateral and multilateral sources would vary from debt reorganization to the provision of additional financial resources on appropriate terms and conditions.
11. In the case of acute balance-of-payments difficulties, in which debt servicing payments play a major role and which require immediate action, the debtor country will undertake an economic programme designed to strengthen its underlying balance-of-payments situation, having regard to its development prospects. This programme would be supported by interested parties. This support would, where necessary, include the reorganization of debts owed to or guaranteed by creditor Governments.
12. In the case of longer-term problems which require appropriate longer-term measures, the debtor country concerned will undertake viable domestic policies, supported by donor countries and appropriate international institutions, which would endeavour to increase the quantity of aid in appropriate forms and improve its quality.
13. In cases where both types of problems are present, action involving both types of measures may be required and would have to be taken in a manner which ensures that they are consistent and mutually reinforcing.
14. In the multilateral forum agreed upon by the debtor and the creditors, the Chairman would conduct the debt operation in a fair and impartial manner, in accordance with the agreed objectives, so as to lead to equitable results in the context of international economic co-operation.

223 (XXI). Specific action related to the particular needs and problems of developing island countries

The Trade and Development Board,

Recalling resolutions 98 (IV) of 31 May 1976 and 111 (V) of 3 June 1979, of the United Nations Conference on Trade and Development and the relevant follow-up as contained in General Assembly resolution 34/205 of 19 December 1979,

Noting the report by the UNCTAD secretariat on progress in the implementation of specific action related to the particular needs and problems of developing island countries, h/

h/ TD/B/811.

1. Reiterates the decision of the Conference, in paragraph 4 of its resolution 111 (V), that, in the context of the preceding paragraphs of that resolution, UNCTAD, in co-operation with regional and other competent institutions, should carry out in a co-ordinated manner, and taking into account the work already done in that field, in-depth studies to analyse the common problems of island economies and the constraints inhibiting their economic growth and development, in particular the role of the economic and geographic factors in the problems of developing island countries, their distance from market centres, the smallness of their economies and markets, their low resource endowment and their heavy dependence on low commodities and services for foreign exchange earnings;
2. Requests the Secretary-General of UNCTAD to ensure that the implementation of the work programme related to the particular needs and problems of developing island countries, as contained in Conference resolutions 98 (IV) and 111 (V), be carried out rapidly and efficiently;
3. Requests UNCTAD and the International Trade Centre (UNCTAD/GATT) to continue and increase their technical assistance programmes in respect of the special needs and problems of developing island countries;
4. Urges the United Nations Development Programme, international development institutions and bilateral assistance institutions to give full support to UNCTAD in strengthening its technical and advisory services on behalf of developing island countries;
5. Recommends that, on the basis of consideration by Governments of the studies referred to in paragraph 1 above, the Board at its twenty-second session should consider future action, including the convening of an intergovernmental group of experts in 1981, to examine the specific problems of developing island countries.

544th meeting
27 September 1980

DECISIONS

221 (XXI). Rationalization of the permanent machinery of UNCTAD

The Trade and Development Board,

I

1. Decides to take note of the work of its sessional Working Group on the Rationalization of the Permanent Machinery of UNCTAD and to deal further with this matter at its twenty-second session;
2. Further decides to annex to the report on its twenty-first session, the

three draft resolutions submitted on this subject at its twentieth session, i/ together with the draft resolution submitted by the Chairman of the Working Group at its present session; j/

II

3. Takes note with appreciation of the concrete steps taken by the United Nations Office at Geneva, in consultation with the Secretary-General of UNCTAD, to improve certain elements of the conference services for UNCTAD, as described in the note by the UNCTAD secretariat; k/

4. Requests that the supplementary conference services referred to in the above-mentioned note continue to be made available to UNCTAD on a trial basis;

5. Requests the Secretary-General of UNCTAD to submit to the Board at its twenty-second session, for its consideration and decision, a report on the results and consequences of the above-mentioned services, including all logistical as well as financial implications; this report should also deal with the feasibility and financial implications of establishing a task force of translators who would be assigned specifically to work on UNCTAD meetings, while remaining under the control of the United Nations Office at Geneva;

6. Takes note with appreciation of the suggestions concerning the annual concentration of sessions of the main committees of the Board made by the Secretary-General of UNCTAD in his statements at the second session of the Ad hoc Intergovernmental Committee on Rationalization of UNCTAD's Machinery l/ and at the twenty-first session of the Board; m/

7. Invites the Secretary-General of UNCTAD to elaborate further, in the light of consultations to be held under Board decision 143 (XVI), the substantive and logistical implications of his suggestions, taking into account any other decisions having a bearing on them.

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i/ Draft resolution submitted by the United States of America on behalf of the States members of Group B (TD/B(XX)/SC/L.1/Rev.1), draft resolution submitted by the German Democratic Republic on behalf of the States members of Group D and Mongolia (TD/B(XX)/SC/L.2), and draft resolution submitted by Ethiopia on behalf of the States members of the Group of 77 (TD/B(XX)/SC/L.3 and Corr.1). For the texts of these draft resolutions, see Official Records of the General Assembly, Thirty-fifth Session, Supplement No. 15 (A/35/15), vol. I, part two, annex II.

j/ TD/B/(XXI)/WG/L.2 and Add.1-3. For the text, see annex II below.

k/ TD/B/L.569.

l/ See "Report of the Ad hoc Intergovernmental Committee on Rationalization of UNCTAD's Machinery on its second session" (TD/B/AC.30/4), annex IV (reproduced in Official Records of the Trade and Development Board, Annexes, agenda item 7, document TD/B/786).

m/ See para. 525 above.

224 (XXI). Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples by the specialized agencies and the international institutions associated with the United Nations

The Trade and Development Board,

Recalling General Assembly resolution 34/42 of 21 November 1979,

1. Takes note of the report by the Secretary-General of UNCTAD: n/
2. Recognizes the importance of the proposals contained in that report on assistance by UNCTAD to the peoples of the colonial Territories and their national liberation movements recognized by regional intergovernmental organizations;
3. Recommends that these proposals be given high priority and that the necessary resources, particularly from the United Nations Development Programme, be made available to UNCTAD for the implementation of the proposed programme.

544th meeting
27 September 1980

225 (XXI). Review of the calendar of meetings

The Trade and Development Board,

Approves the calendar of meetings for the remainder of 1980 and for 1981 and the tentative schedules for 1982 and 1983 annexed to the present decision.

544th meeting
27 September 1980

ANNEX

Calendar of meetings for the remainder of 1980 and for 1981 and tentative schedules for 1982 and 1983*

A. Calendar for the remainder of 1980

| | <u>Date</u> | <u>Duration</u> |
|--|------------------------|-----------------|
| IPC o/ - <u>Ad hoc</u> Intergovernmental Committee for the Integrated Programme for Commodities, tenth session | 29 September-1 October | 3 days |

* Unless otherwise indicated, all meetings will be held at Geneva.

n/ TD/B/789.

o/ Meetings in connexion with the integrated Programme for Commodities are preceded by the notation "IPC".

1980 (continued)

| | <u>Date</u> | <u>Duration</u> |
|--|----------------------------|-----------------|
| Committee on Commodities, ninth session | 29 September- 7 October | 1 week |
| Committee on Invisibles and Financing related to Trade, ninth session (second part) | 29 September- 3 October | 1 week |
| Preparatory Committee for the United Nations Conference on the Least Developed Countries, second session | 9-17 October | 1 1/2 weeks |
| Preparatory Commission for the Common Fund for Commodities, first session <u>p/</u> | 20-24 October | 1 week |
| IPC - Second Preparatory Meeting on Manganese | 27-31 October | 1 week |
| United Nations Cocoa Conference, 1980 | 27 October- 7 November | 2 weeks |
| Meeting of Governmental Experts of Developing Countries on Economic Co-operation among Developing Countries, first session | 3-14 November | 2 weeks |
| International Natural Rubber Council, first session <u>q/</u> | 17-21 November | 1 week |
| Committee on Transfer of Technology, third session | 17-28 November | 2 weeks |
| Working Group on International Shipping Legislation, seventh session <u>r/</u> | 1-19 December | 3 weeks |
| United Nations Tin Conference, 1980, resumed session | 1-19 December | 3 weeks |

Meetings for which dates are to be determined

| | <u>Duration</u> |
|---|-----------------|
| United Nations Conference to Negotiate an International Arrangement to replace the International Wheat Agreement 1971, as extended, fourth part (if required) | Up to 4 weeks |
| Committee on Tungsten, thirteenth session (if required) | 1 week |
| IPC - Preparatory Meeting on Bauxite | 1 week |

p/ For information only.

q/ Depending on the entry into force of the International Rubber Agreement 1979, on 1 October 1980 or shortly thereafter.

r/ The first two weeks to be devoted to work at the expert level on marine hull insurance.

1980 (continued)

| | <u>Duration</u> |
|--|------------------------------------|
| IPC - Third Preparatory Meeting on Iron Ore | 1 week |
| IPC - Third Preparatory Meeting on Phosphates (if required) | 1 week |
| IPC - Seventh Preparatory Meeting (third part) or Eighth Preparatory Meeting on Copper (if required) | 1 week |
| * * * | |
| Other commodity conferences and commodity meetings | As required (Up to 7 1/2 weeks) |
| Other working parties, study groups and expert groups | As required (Up to 7 1/2 weeks) |

B. Calendar of meetings for 1981

| | <u>Date</u> | <u>Duration</u> |
|--|----------------|-----------------|
| United Nations Conference on Jute and Jute Products, 1981 | 5-23 January | 3 weeks |
| Group of Governmental Experts on the Concepts of the Present Aid and Flow Targets, fourth session (Board decision 197 (XIX)) | 20-27 January | 1 week |
| Technical Committee of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT, tenth session | 9-13 February | 1 week |
| IPC - Intergovernmental Group of Experts on Tea, third session | 16-20 February | 1 week |
| Second Meeting of Multilateral and Bilateral Financial and Technical Assistance Institutions with representatives of Least Developed Countries (Board resolution 171 (XVIII), para. 2) | 16-24 February | 1 1/2 weeks |
| Consultations on the United Nations Conference on an International Code of Conduct on the Transfer of Technology | 19-20 February | 2 days |
| IPC - Third Preparatory Meeting on Tea | 23-27 February | 1 week |
| <u>Ad hoc</u> Intergovernmental High-level Group of Experts on the Evolution of the International Monetary System, second session | 23-27 February | 1 week |

1981 (continued)

| | <u>Date</u> | <u>Duration</u> |
|---|-----------------------|-----------------|
| IPC - Fourth Preparatory Meeting on Vegetable Oils and Oilseeds | 2-6 March | 1 week |
| Group of Experts on the Problems faced by the Developing Countries in the Carriage of Bulk Cargoes, first session | 2-6 March | 1 week |
| Trade and Development Board, twenty-second session | 9-20 March | 2 weeks |
| United Nations Conference on an International Code of Conduct on the 'Transfer of Technology, fourth session | 23 March- 10 April | 3 weeks |
| Joint Advisory Group on the International Trade Centre, UNCTAD/GATT, fourteenth session | 30 March- 3 April | 1 week |
| IPC - Intergovernmental Group of Experts on Research and Development for Tropical Timber | 21-24 April | 1 week |
| IPC - Intergovernmental Group of Experts on Improvement of Market Intelligence on Tropical Timber | 27 April- 1 May | 1 week |
| Working Group on Rules of Origin, eighth session | 27 April- 1 May | 1 week |
| Intergovernmental Group of Experts on an Export Credit Guarantee Facility, first session | 4-8 May | 1 week |
| Working Party on the Medium-term Plan and the Programme Budget, third session | 4-8 May | 1 week |
| Trade and Development Board, resumed twenty-second session | 11 May | 1 day |
| Special Committee on Preferences, tenth session | 11-22 May | 2 weeks |
| Meeting of Governmental Experts of Developing Countries on Economic Co-operation among Developing Countries, second session | 11-22 May | 2 weeks |
| IPC - Fifth Preparatory Meeting on Hard Fibres | 25 May- 5 June | 2 weeks |
| Committee on Shipping, third special session | 27 May- 5 June | 1 1/2 weeks |
| Committee on Invisibles and Financing related to Trade, tenth session | 9-19 June | 2 weeks |

1981 (continued)

| | <u>Date</u> | <u>Duration</u> |
|--|------------------|-----------------|
| IPC - Group of Governmental Experts on Bananas | 22-26 June | 1 week |
| <u>Ad hoc</u> UNCTAD/UNIDO Group of Experts on Trade and Trade-related Aspects of Industrial Collaboration Arrangements, second session | June (Vienna) | 2 weeks |
| Intergovernmental Group of Experts on an Export Credit Guarantee Facility, second session | 20-24 July | 1 week |
| IPC - Sixth Preparatory Meeting on Tropical Timber | 20-24 July | 1 week |
| Working Party on the Medium-term Plan and the Programme Budget, fourth session | 7-11 September | 1 week |
| Trade and Development Board, twenty-third session | 14-25 September | 2 weeks |
| IPC - Third Preparatory Meeting on Meat | 5-9 October | 1 week |
| Working Group on International Shipping Legislation, eighth session | 5-16 October | 2 weeks |
| Intergovernmental Group of Experts on Restrictive Business Practices, first session <u>s/</u> | 19-28 October | 1 1/2 weeks |
| Committee on Economic Co-operation among Developing Countries, third session | 2-13 November | 2 weeks |
| Group of Experts on the Problems faced by the Developing Countries in the Carriage of Bulk Cargoes, second session | 16-20 November | 1 week |
| Meeting of governmental experts on the role of the industrial property system in the transfer of technology to developing countries (decision 4 (II) of the Committee on Transfer of Technology) | To be determined | 1 week |
| Meeting of representatives of interested Governments on bulk cargo shipments (Conference resolution 120 (V), para. 5) | To be determined | 1 week |

s/ Assuming that the Board, in line with Conference resolution 103 (V), and subject to adoption by the General Assembly of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices, decides to establish the institutional arrangements recommended by the United Nations Conference on Restrictive Business Practices.

1981 (continued)

| | <u>Date</u> | <u>Duration</u> |
|---|------------------|-----------------|
| Preparatory Committee for the United Nations Conference on the Least Developed Countries, third session | To be determined | 2 weeks |
| United Nations Conference on the Least Developed Countries | To be determined | 2 weeks |
| Committee on Tungsten, thirteenth session (if required) | To be determined | 1 week |
| Permanent Group on Synthetics and Substitutes (if required) | To be determined | 1 week |
| IPC - Sixth Preparatory Meeting on Cotton | To be determined | 1 week |

* * *

| | |
|---|---------------------------------|
| Other commodity conferences and commodity meetings | As required (up to 35 weeks) |
| Other working parties, study groups and expert groups | As required (up to 2 weeks) |

C. Tentative schedule of meetings for 1982 and 1983

1982

| | <u>Date and duration</u> |
|---|----------------------------|
| Technical Committee of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT, eleventh session | January (1 week) |
| Joint Advisory Group on the International Trade Centre UNCTAD/GATT, fifteenth session | February/March (1 week) |
| Working Party on the Medium-term Plan and the Programme Budget, fifth session | 1-5 March (1 week) |
| Trade and Development Board, twenty-fourth session | 8-19 March (2 weeks) |
| Committee on Shipping, tenth session | March/April (2 weeks) |
| Special Committee on Preferences, eleventh session | April (1-2 weeks) |
| Working Party on the Medium-term Plan and the Programme Budget, sixth session | 6-10 September (1 week) |

1982 (continued)

| | <u>Date and duration</u> |
|---|---|
| Trade and Development Board, twenty-fifth session | 13-24 September (2 weeks) |
| Working Group on International Shipping Legislation, ninth session | October/November (2 weeks) |
| Intergovernmental Group of Experts on Restrictive Business Practices, second session | October/November (1 1/2 weeks) |
| * * * | |
| Trade and Development Board - special session at ministerial level preceded by meeting of senior officials (Conference resolution 90 (IV), sect. II, para.2) | If required (1-2 weeks) |
| Sessions of two or three main committees | Throughout the year (1-2 weeks each) |
| Committee on Tungsten | To be determined (1 week) |
| Permanent Group on Synthetics and Substitutes | To be determined (1 week) |
| Commodity conferences and other commodity meetings | As required (up to 40 weeks) |
| Working parties, study groups and expert groups | As required (up to 16 weeks) |

1983

| | |
|---|----------------------------|
| Technical Committee of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT, twelfth session | January (1 week) |
| Joint Advisory Group on the International Trade Centre UNCTAD/GATT, sixteenth session | February/March (1 week) |
| Working Party on the Medium-term plan and the Programme Budget, seventh session | 7-11 March (1 week) |
| Trade and Development Board, twenty-sixth session | 14-25 March (2 weeks) |
| Special Committee on Preferences, twelfth session | April (1-2 weeks) |
| Working Party on the Medium-term Plan and the Programme Budget, eighth session | 3-7 October (1 week) |

1983 (continued)

| | <u>Date and duration</u> |
|---|------------------------------------|
| Trade and Development Board, twenty-seventh session | 10-21 October (2 weeks) |
| Intergovernmental Group of Experts on Restrictive Business Practices, third session | October/November (1 1/2 weeks) |
| * * * | |
| United Nations Conference on Trade and Development Pre-Conference meeting Sixth session | To be determined |
| Sessions of two or three main committees | Throughout the year (1-2 weeks) |
| Committee on Tungsten (if required) | 1 week |
| Permanent Group on Synthetics and Substitutes (if required) | 1 week |
| Commodity conferences and other commodity meetings | As required (up to 40 weeks) |
| Working parties, study groups and expert groups | As required (up to 16 weeks) |

OTHER DECISIONS TAKEN BY THE BOARD
AT ITS TWENTY-FIRST SESSION

- (a) Treatment of the Republic of Zimbabwe and of Saint Vincent and the Grenadines for purposes of elections t/

Pending action by the Conference at its sixth session in pursuance of paragraph 6 of General Assembly resolution 1995 (XIX), as amended, and for purposes of elections, the Board decided at its 537th meeting, on 15 September 1980, that Zimbabwe should be treated as if it were in the group of countries listed in part A of the annex to that resolution, as amended. At its 540th meeting, on 17 September 1980, it further decided that Saint Vincent and the Grenadines should be treated as if it were in the group of countries listed in part C of the annex to that resolution.

- (b) Designation of intergovernmental bodies for the purposes of rule 78 of the rules of procedure of the Board u/

At its 543rd meeting, on 24 September 1980, the Board decided that the following body which had applied for designation under rule 78 of the rules of procedure of the Board and rule 80 of the rules of procedure of the Conference should be so designated:

International Tea Promotion Association.

- (c) Designation and classification of non-governmental organizations for the purposes of rule 79 of the rules of procedure of the Board v/

At its 543rd meeting, on 24 September 1980, the Board approved the applications by the following three non-governmental organizations for designation under rule 79 of the rules of procedure of the Board for the purpose of that rule and rule 81 of the rules of procedure of the Conference, and decided that they should be classified as follows:

General category

Society for International Development

Special category for the UNCTAD organ indicated
(other than the Board)

UNCTAD organ

Arab Federation for
Engineering Industries

Committee on Shipping
Committee on Transfer of Technology

Latin American Federation
of International Transport
Users' Councils

Committee on Shipping
Committee on Transfer of Technology

t/ See paras. 589 and 590 above.

u/ See para. 627 above.

v/ See para. 628 above.

(d) Sixth session of the United Nations Conference on Trade and Development:
place, date and duration w/

At its 543rd meeting, on 24 September 1980, the Board decided that the matter of its recommendation to the General Assembly regarding the holding of the sixth session of the Conference, in 1983, including the place and duration thereof, should be deferred to the twenty-second session of the Board. In making that recommendation, the Board would take into account the offer made by Cuba during its tenth special session to host the Conference, which had been reiterated at the fifth session of the Conference, as well as the statement by the representative of Cuba at the twenty-first session of the Board. x/

(e) Multilateral trade negotiations y/

At its 544th meeting, on 27 September 1980, the Board noted that it had not been possible to reach agreement on the question of the multilateral trade negotiations, one of the factors being a lack of time, and decided, bearing in mind Board resolution 214 (XIX), to deal further with the question at its twenty-second session.

(f) Trade and economic aspects of disarmament z/

At its 544th meeting, on 27 September 1980, the Board took note of the progress report by the Secretary-General of UNCTAD on the meeting of the Group of Governmental Experts on the Relationship between Disarmament and Development, aa/ at which UNCTAD was represented as an observer. It requested him to continue to follow carefully the work of the Group as it bore on the objectives of UNCTAD, and to provide it with appropriate assistance.

w/ See para. 632 above.

x/ See para. 631 above.

y/ See para. 267 above.

z/ See para. 473 above.

aa/ See para. 466 above.

OTHER ACTIONS TAKEN BY THE BOARD

1. At its 542nd meeting, on 19 September 1980, the Board took note of the report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its thirteenth session. bb/

2. At its 543rd meeting, on 24 September 1980, the Board took note of the report cc/ of the United Nations Commission on International Trade Law on its thirteenth session.

3. At its 544th meeting, on 27 September 1980, the Board took note of the following reports:

(a) Progress report by the UNCTAD secretariat on the implementation of an examination and analysis of the effects of the discriminatory and unfair civil aviation practices employed by the developed countries on the growth of air transport, including air cargo and tourism, in developing countries; dd/

(b) Progress report by the Secretary-General of UNCTAD on assistance to national liberation movements recognized by regional intergovernmental organizations: studies in the context of the international development strategy for the Third United Nations Development Decade; ee/

(c) Report of the Ad Hoc Intergovernmental High-level Group of Experts on the Evaluation of the International Monetary System; ff/

(d) Report of the Committee on Economic Co-operation among Developing Countries on its first special session; gg/

(e) Report of the Working Party on the Medium-term Plan and the Programme Budget on its second session. hh/

4. Also at its 544th meeting, on 27 September 1980, the Board:

(a) Took note of the report of the Committee on Manufactures on its ninth session and endorsed the agreed conclusions of that Committee; ii/

bb/ ITC/AG(XIII)/68, distributed under cover of TD/B/819 (see para. 463 above).
cc/ Official Records of the General Assembly, Thirty-fifth Session, Supplement No. 17 (A/35/17), distributed under cover of TD/B/824 (see para. 465 above).

dd/ TD/B/804 (see para. 200 above).

ee/ TD/B/820 (see para. 197 above).

ff/ TD/B/823 (to be issued as a United Nations publication) (see para. 421 above).

gg/ Official Records of the Trade and Development Board, Twenty-first Session, Supplement No. 4 (TD/B/818) (see para. 443 above).

hh/ Ibid., Supplement No. 2 (TD/B/826) (see para. 455 above).

ii/ Ibid., Supplement No. 6 (TD/B/822) (see para. 355 above).

(b) Took note of the report of the Special Committee on Preferences on its ninth session and endorsed resolution 6 (IX) adopted by the Committee; jj/

(c) Took note of the report of the Committee on Invisibles and Financing related to Trade on the first part of its ninth session, endorsed decisions 16 (IX) and 17 (IX) and resolution 18 (IX) adopted by the Committee and noted the financial implications of decision 17 (IX); kk/

(d) Took note of resolutions 40 (IX), 41 (IX) and 42 (IX) and of decision 36 (IX) adopted by the Committee on Shipping at its ninth session, noted the relevant financial implications and noted that the report of the Committee on its ninth session ll/ would be available to the Board at its twenty-second session.

jj/ Ibid., Supplement No. 3 (TD/B/802) (see para. 373 above).

kk/ Ibid., Supplement No. 5 (TD/B/821) (see para. 396 above).

ll/ Ibid., Twenty-second Session, Supplement No. 4 (TD/B/825) (see para. 424 above).

ANNEX II

Texts remitted for further consideration at the
twenty-second session of the Board

Interdependence of problems of trade, development finance
and the international monetary system a/

Draft resolution submitted by Ethiopia, Gabon, Ghana, Kenya, the
Libyan Arab Republic, b/ Madagascar, Mauritius, Nigeria, Rwanda,
Senegal, the Sudan, Uganda, the Upper Volta, Zaire

/TD/B/L.360/

Transnational corporations and international commodity trade c/

Draft resolution submitted by the German Democratic Republic on
behalf of Bulgaria, the Byelorussian Soviet Socialist Republic,
Czechoslovakia, the German Democratic Republic, Hungary, Mongolia,
Poland, the Ukrainian Soviet Socialist Republic and the Union
of Soviet Socialist Republics

/TD/L.195/

Rationalization of the permanent machinery of UNCTAD d/

Draft resolution submitted by the United States of
America on behalf of States members of Group B

/TD/B(XX)/SC/L.1/Rev.1/

a/ See para. 161 above. The text of this draft resolution is contained in
the report of the Board on the first part of its fourteenth session, Official
Records of the General Assembly, Twenty-ninth Session, Supplement No. 15
(A/9615/Rev.1), annex II.

b/ Now Libyan Arab Jamahiriya.

c/ See para. 278 above. The text of this draft resolution is contained in
Proceedings of the United Nations Conference on Trade and Development,
Fifth Session, vol. I, Report and Annexes (United Nations publication,
Sales No. E.79.II.D.14), annex I, D.

d/ See para. 550 above. The texts of these draft resolutions are contained
in the report of the Board on its twentieth session, Official Records of the
General Assembly, Thirty-fifth Session, Supplement No. 15 (A/35/15), vol. I,
part two, annex II.

Rationalization of UNCTAD's machinery and improving its effectiveness d/

Draft resolution submitted by the German Democratic Republic on behalf of States members of Group D and Mongolia

/TD/B(XX)/SC/L.2/

Rationalization of the permanent machinery of UNCTAD d/

Draft resolution submitted by Ethiopia on behalf of States members of the Group of 77

/TD/B(XX)/SC/L.3 and Corr.1/

Rationalization of the permanent machinery of UNCTAD e/

Draft resolution submitted by the Chairman of the sessional Working Group

/TD/B(XXI)/WG/L.2 and Add.1-3/

The Trade and Development Board,

Recalling General Assembly resolution 1995 (XIX) of 30 December 1964,

Recognizing the major and evolving role of UNCTAD as an organ of the General Assembly for deliberation, negotiation, review and implementation in the field of international trade and related issues of international economic co-operation,

Recognizing further that UNCTAD has a major role to play in the achievement of the objectives of General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of May 1974, 3281 (XXIX) of 12 December 1974 and 3362 (S-VII) of 16 September 1975, and in the periodic evaluation of progress accomplished in this regard, and that appropriate steps should be taken to improve its own effectiveness in order to enable it better to fulfil this role,

Confirming the importance that all States members attach to the responsibilities flowing from the mandate of UNCTAD,

Reaffirming that appropriate steps should be taken to improve UNCTAD's effectiveness and responsiveness in order that UNCTAD should more effectively and efficiently fulfil its important role,

Aware of the urgent need to take measures for harmonization, rationalization and co-ordination in a systematic manner so as to maximize the effectiveness of UNCTAD,

Recalling in this connexion Conference resolutions 90 (IV) of 30 May 1976 and 114 (V) of 3 June 1979 and Board decision 194 (XIX) of 20 October 1979, resolution 207 (XIX) of 23 November 1979 and decision 210 (XX) of 25 March 1980,

e/ See para. 550 above and also paras. 543, 544 and 546.

Recalling also General Assembly resolution 32/197 of 20 December 1977 on restructuring of the economic and social sectors of the United Nations system, as well as General Assembly resolution 33/154 of 20 December 1978 and decision 34/401 of 21 September, 25 October, 29 November and 12 December 1979,

Having considered the reports of the Ad Hoc Intergovernmental Committee on the Rationalization of UNCTAD's Machinery, f/

I. ORGANIZATION OF THE SESSIONS OF THE CONFERENCE

Bearing in mind the functions of the Conference as laid down in General Assembly resolution 1995 (XIX),

1. Emphasizes the following main tasks for future sessions of the Conference:

- (a) To promote, direct and facilitate the work of the permanent UNCTAD machinery;
- (b) To achieve solutions in negotiations facing deadlock within UNCTAD;
- (c) To review recent developments and long-term trends in international trade and related areas of international economic co-operation;
- (d) To act on such recommendations as are made to it by the permanent machinery;
- (e) To generate new ideas;
- (f) To set new guidelines and/or to launch new programmes;
- (g) To assess the progress reached in implementing the recommendations, declarations, resolutions and other decisions of the Conference;

2. Reaffirms that very thorough preparation and timely availability of documents is a prerequisite to the success of the Conference, and that adequate consultations and preparation among the regional groups before the opening of the Conference should take place;

3. Decides that the Trade and Development Board, when acting as a preparatory committee for sessions of the Conference, should, inter alia, make appropriate recommendations concerning the organization of these sessions and on the utilization of the presence of ministers in the most effective manner. To this effect, the Trade and Development Board should take into account, inter alia, the following alternative proposals:

- (a) The first week or days of the Conference should be given to high-level officials who would, on the basis of the preparatory work done as set out in the

f/ TD/B/AC.30/R.1 and Add.1 and TD/B/AC.30/4, circulated under cover of TD/B/786. For the printed text see Official Records of the Trade and Development Board, Twentieth Session, Annexes, agenda item 2.

preceding paragraph, prepare a technically sound negotiating document incorporating the major political and economic issues requiring ministerial decision. Ministers might therefore wish to make their policy or other relevant statement bearing in mind the document prepared for them by the meeting of high-level officials or experts, on which they might wish to negotiate among themselves and thus might enable the session of the Conference to be concluded by the Ministers themselves;

(b) The Conference should be carefully prepared by the Trade and Development Board, which would prepare a technically sound negotiating document incorporating the major political and economic issues requiring ministerial decision. At the Conference, ministers might wish to make their statements bearing in mind the issues outlined in the above-mentioned document.

II. TRADE AND DEVELOPMENT BOARD

4. Stresses that the Trade and Development Board, which acts for the Conference between sessions of the latter, has the role of monitoring, guiding and supervising the Organization's activities as one of its main functions;

4. Reaffirms that the Trade and Development Board has a major and evolving role to play in fulfilling the mandate of UNCTAD as the main organ of the Conference, for deliberation, negotiation, review and implementation in the field of international trade and related issues of international economic co-operation;

6. Decides that, in the exercise of its decision-making functions, the Trade and Development Board should, with a view to achieving solutions, deal in particular with issues where ongoing negotiations in subsidiary bodies and/or ad hoc bodies created by the Conference or by the Board have reached an impasse;

7. Decides further that the co-ordinating function of the Trade and Development Board should be strengthened in order to give its subsidiary bodies more effective guidance and ensure an over-all coherence among their varied activities;

8. Decides also to consider, taking into account where appropriate the views and experiences of relevant bodies of the United Nations system, evaluation procedures and mechanisms in UNCTAD and to decide on ways and means as to how effective evaluation could be achieved and strengthened, taking into account the special responsibilities of UNCTAD, such as negotiations;

9. Decides in addition:

(a) That the first few days of the first of the two regular sessions of the Board each year should be used for housekeeping and customary review of routine recurrent agenda items. The remaining part of the first session and the second session of the Board should be used for deliberation and negotiation of a few and carefully selected substantive issues;

(b) That agenda items which are to be considered annually by the Board should, to the extent possible, be evenly allocated between the first and second sessions each year;

(c) That agendas for each regular session should be more selective in order to deal with key issues in particular, as well as with important cross-sectorial issues.

III. WORKING PARTY ON THE MEDIUM-TERM PLAN AND THE PROGRAMME BUDGET

10. Decides to request the Working Party on the Medium-term Plan and the Programme Budget:

(a) To examine ways and means of improving its effectiveness and to prepare recommendations to that effect for submission to the Board at its twenty-fourth session;

(b) To consider an annual report prepared by the Secretary-General of UNCTAD summarizing all the technical assistance activities of UNCTAD and their financing from all sources;

11. Requests the Working Party on the Medium-term Plan and the Programme Budget to consider the desirability of including programme evaluation in its functions;

12. Considers that evaluation in selected fields of UNCTAD could be pursued while at the same time further efforts should be made to develop operational systems for programme evaluation. Consequently,

13. Recommends:

(a) That the UNCTAD secretariat gives its support to the current efforts undertaken by the United Nations Office for Programme Planning and Co-ordination to develop a more satisfactory approach and methodology for programme evaluation, taking into account the particular characteristics of the activities and, in particular, negotiations of UNCTAD;

(b) That it is necessary for the United Nations Office for Programme Planning and Co-ordination to submit to the Working Party at its fourth or fifth session a progress report on the results achieved, in particular regarding the operational modalities for applying programme evaluation.

IV. MAIN COMMITTEES

14. Decides to strengthen the main Committees, including their negotiating function;

15. Decides to request the main Committees to review regularly the elaboration of their work programmes and the implementation of their decisions;

16. Decides further that detailed discussions and negotiations should be pursued by the main Committees and, pursuant to paragraph 7 (a) of Conference resolution 114 (V), consideration should be given to the reduction in the number of ad hoc groups, expert groups or other subsidiary bodies of UNCTAD. When it is not possible to reach a decision at the committee level, problems should be passed to the Board for further consideration and negotiation and for achieving solutions;

17. Decides also that issues relating to the least developed countries should be dealt with by all the committees and programmes, within their competence;

18. Decides:

(a) That main Committees dealing with interrelated questions should, when possible, be scheduled in the six-month period prior to the same Board session, in order to facilitate the consideration by the Board of and, where appropriate, decision on, any outstanding issues arising from the reports of the Committees;

(b) To hold, when viewed as appropriate by the Board, joint meetings to focus on specific cross-sectorial issues within their fields of competence.

V. SUBSIDIARY BODIES

19. Decides that the main Committees should review their respective institutional machinery with a view to promoting their efficiency, including the consideration of a possible reduction in the number of their subsidiary bodies, and should report to the Board the results of their reviews.

VI. EXPERT GROUPS

20. Decides that when expert groups are to be convened preference should be given to intergovernmental expert groups;

21. Decides further that less use be made of expert groups financed by UNCTAD and chosen by the Secretary-General of UNCTAD to serve in their personal capacity, and that relatively greater use should be made of expert groups financed by UNCTAD whose members are appointed by the Secretary-General of UNCTAD from candidates nominated by Governments;

22. Decides also that expert groups should be created under the following conditions:

(a) That the terms of reference, including the issues, are well-defined;

(b) When the existing subsidiary permanent bodies of UNCTAD need special expertise.

VII. CALENDAR OF MEETINGS

23. Decides to adopt the following principles concerning the calendar of meetings, with a view to making meetings more productive and allowing sufficient time for preparations;

(a) No more than two simultaneous UNCTAD meetings should be held, save in exceptional cases and upon an explicit request by the bodies concerned for consideration by the Trade and Development Board;

(b) Once a calendar of meetings has been approved, every effort should be made to adhere to it;

(c) A suitable schedule of meetings in UNCTAD should be re-established and the calendar of meetings for the coming year should be adopted at the second regular session each year of the Board;

(d) Appropriate steps should be taken in order to use the time allocated for UNCTAD meetings in the most efficient way, including the scheduling of meetings.

VIII. INFORMATION

Bearing in mind that a greater distinction should be made between information for the public and for the more practical work of delegations,

24. Decides to request the Secretary-General of UNCTAD to prepare a feasibility report, including financial implications, on producing a daily bulletin, in all the official languages of UNCTAD, briefly summarizing the work of the Trade and Development Board, the main Committees and major UNCTAD conferences at the public meetings held the previous day, and to submit the report to the Development Board at its twenty-second session for its consideration and decision;

25. Requests also the Secretary-General of UNCTAD to issue to member States in Geneva a periodic listing of all personnel vacancies, including also those for short and fixed-term appointments. Such a listing should be issued at least twice a year.

IX. CONSULTATIONS

Noting that there is a need for greater automaticity and transparency in consultations,

26. Decides to strengthen and further improve the existing consultations referred to in Trade and Development Board decision 1432 (XVI);

27. Decides also that an informal consultative mechanism should be built upon the existing consultations referred to above to facilitate contact among representatives of interested member States, and possibly among available office-bearers, or between them and the Secretary-General of UNCTAD. In addition, these consultations should be held preferably once a month and would, to the extent possible, cover meetings taking place within the following month. The agendas of these consultations should be determined at least two weeks in advance, if possible. Such consultations should be scheduled so as not to conflict with other meetings. They should aim at:

(a) Obtaining more information on, and informally discussing, where appropriate, substantive matters on forthcoming meetings;

(b) Exchanging views on specific problems arising from the negotiating process conducted within the competence of UNCTAD;

(c) Preparing house-keeping matters regarding the scheduling of meetings, e.g., election of officers, documentation, and so on, in order to secure a smoother start to meetings.

X. RESEARCH

28. Requests the Secretary-General of UNCTAD to take measures within the available resources to strengthen research on long-term issues and to develop new ideas that fall within the competence of UNCTAD, with a view to enabling the

intergovernmental machinery of UNCTAD to deliberate and/or negotiate on them as appropriate.

XI. DOCUMENTATION, TRANSLATION AND INTERPRETATION

Documentation

29. Requests the Secretary-General of UNCTAD to give priority attention to solving growing difficulties in producing and distributing documentation sufficiently in advance of UNCTAD meetings in accordance with rule 29 of the rules of procedure and other relevant decisions of the Trade and Development Board;

30. Calls for essential improvements to be made at each stage of the documentation process;

31. Recommends, in particular, that the following measures be implemented as soon as possible:

(a) That the Secretary-General of UNCTAD strengthen the monitoring, co-ordination and control function of the Office of the Secretary-General of UNCTAD and other units of the secretariat in the field of documentation. This monitoring function is both substantive and technical;

(b) That the Secretary-General of UNCTAD improve arrangements, inter alia, for:

(i) Monitoring divisions in the drafting of documents;

(ii) Monitoring the state of preparation of documents at each stage of the chain of production, and intervene where necessary to speed up the process;

32. Requests the Secretary-General of UNCTAD to make a statement, upon the adoption of the calendar of meetings, confirming or otherwise the availability of the documentation for the meetings as scheduled in the calendar, observing the relevant rules relating to the timing, languages, as well as length, nature and content of the documents;

33. Decides that consultations on the calendar should be planned with the documentation issues clearly in mind. If it is clear that documentation cannot be made available partially or totally, meetings should be held only exceptionally and upon consultations between the Secretary-General of UNCTAD and the regional co-ordinators;

34. Decides that documentation should be requested when necessary and should be compatible with the efficient conduct of work and the efficient utilization of secretariat resources;

35. Decides that attempts should be made in all UNCTAD forums to identify documentation which has become redundant, or could be issued at less frequent intervals;

36. Decides that documents should be action-oriented and concise, and that historical introductions should be minimized. Documents should contain a succinct

indication of points for discussion and/or action suggested, and paragraphs of specific importance should be highlighted. All documents should include a summary, as requested in paragraph 10 of Conference resolution 114 (V);

37. Decides that delegations should reach early decisions on provisional agendas;

38. Requests the Secretary-General of UNCTAD:

(a) To circulate the annotated provisional agenda in all official languages of UNCTAD eight weeks before the opening of the meeting concerned;

(b) To review, in conjunction with paragraph 31, sub-paragraph (b) (ii) above, before notifications of meetings are sent out, whether the necessary documentation is in a sufficiently advanced state of preparation to warrant the holding of the meeting on the planned date and to consult with the regional co-ordinators in this respect;

Translation

39. Requests the Secretary-General of UNCTAD to ensure, to the extent possible, that documents needed during preparation and in the course of official UNCTAD meetings be translated into all relevant official languages expeditiously and delivered simultaneously, so as to assist regional groups in reaching agreement on issues before them;

40. Reaffirms Trade and Development Board resolution 207 (XIX);

41. Requests the Secretary-General of UNCTAD to ensure the rapid delivery of translation services in all official languages;

42. Decides that week-end and night meetings of UNCTAD should be held only exceptionally. If such meetings are unavoidable, interpretation and translation should be available and flexible, and rapid delivery of translation services in all languages should be ensured;

43. Stresses once again that pre-session documentation in all official languages should reach Governments six weeks before the relevant meeting starts, as provided for in the rules of procedure of the Trade and Development Board;

44. Recommends that the Secretary-General of UNCTAD indicate, if possible and feasible, the date or approximate date of distribution of a document, as well as the date on which the document was submitted to the United Nations Office at Geneva;

45. Recommends to the Secretary-General of UNCTAD to invite, when he deems necessary, the unit responsible for translation and interpretation to take part regularly in the consultations on UNCTAD's calendar of meetings.

Interpretation

46. Requests the Secretary-General of UNCTAD to give consideration to ensuring that, over time, sufficient conference rooms are equipped to handle six languages.

Protectionism and structural adjustment g/

Draft resolution submitted by Indonesia on behalf of the
States members of the Group of 77
/TD/B(XXI)/SC.III/L.1 and Corr.1/

The Trade and Development Board,

Recalling Conference resolution 131 (V) of 3 June 1979,

Noting with concern the intensification and entrenchment of protectionist measures in developed countries,

Further noting in this connexion the facts provided by the report by the UNCTAD secretariat, "Review of developments involving restrictions of trade", h/ which refers to the increase in pressures for protection in the late 1970s in many developed market-economy countries,

Reaffirming that protectionist measures have very adverse implications for the world trading system and serious consequences for world trade, particularly the exports from developing countries,

Reiterating that protectionist measures are obstacles to the process of structural adjustment,

Noting with regret that, in spite of repeated declarations of standstill commitments, protectionist measures applied by the developed countries on exports of developing countries have continued to multiply,

Recognizing the importance of structural adjustment for the containment of protectionism and for the attainment of the development objectives of the developing countries,

Recognizing the urgent need for the formulation and adoption of appropriate industrial, agricultural and other domestic policies in the developed countries to facilitate adjustments to the dynamics of comparative advantage of developing countries and to improve the access of their products,

Recognizing the need for a concerted approach to the problem of protectionism and structural adjustment,

Noting in this connexion that agreement was reached at the fifth session of the Conference on the programme of action for structural adjustment related to trade and policies and measures to deal with trade and protectionism,

Recalling Conference resolution 131 (V) in regard to the organization of an annual review of the patterns of production and trade in the world economy and which states that such reviews should take into consideration the relevant available

g/ See para. 236 above.

h/ TD/B/805/Suppl.3.

information, including general policies, in order to provide factual and analytical background to the global trends of production, imports and exports with a view to identifying elements or problems most relevant, in the light of the dynamics of comparative advantage, to the attainment of optimum over-all economic growth, including the development and diversification of the economies of developing countries and an effective international division of labour,

1. Resolves that, in pursuance of Conference resolution 131 (V) and Trade and Development Board decision 217 (XX), a sessional committee shall be established at the second regular session of the Board every year to deal with protectionism and structural adjustment. The sessional committee shall, inter alia:

(a) Prepare a time-bound programme for phasing out all barriers to trade affecting imports from developing countries imposed by developed countries and undertake monitoring and evaluation of action taken in this regard;

(b) Prepare programmes of action for structural adjustments in specific product sectors and undertake monitoring and evaluation of action taken in this regard;

2. Decides that the Trade and Development Board at its twenty-second session shall consider and finalize a framework of negotiations within UNCTAD in collaboration with the United Nations Industrial Development Organization, the Food and Agriculture Organization of the United Nations, the International Labour Organisation and the General Agreement on Tariffs and Trade for structural adjustment related to trade;

3. Requests the Secretary-General of UNCTAD to submit suggestions for a framework of negotiations with reference to paragraph 2 above, including proposals for specific sectors. Further requests the Secretary-General of UNCTAD to convene a group of governmental experts to assist him in this regard and in the work to be carried out under paragraph 4 below;

4. Requests the Secretary-General of UNCTAD, in collaboration with other concerned international organizations, to undertake analytical studies of the various sectors of production and trade where protectionist trade measures exist or are likely to arise in developed countries. Such studies would, inter alia, examine for each sector the existing trade policies, including the restrictions maintained, the trend of production, competition from developing countries, employment, degree and cost of protection, and adjustment assistance measures adopted in developed countries and possible practical measures to facilitate elimination of trade restrictions and to improve access for the products of developing countries.

Protectionism and structural adjustment i/

Draft resolution submitted by Denmark on behalf of the
States members of Group B

/TD/B(XXI)/SC.III/L.3/

The Trade and Development Board,

Recalling Conference resolution 131 (V) of 3 June 1979 on protectionism and structural adjustment, in which agreement was reached on a programme of action for structural adjustment related to trade and policies and measures to deal with protectionism,

Recalling Trade and Development Board decision 217 (XX) of 25 March 1980 to carry out annually a review of the patterns of production and trade in the world economy,

Recognizing with concern that the economic difficulties of recent years have in all countries led to increased pressures for protectionist measures which would interfere with the openness of the world trading system,

Recalling the importance to all countries of work with respect to reducing global protectionism and facilitating structural adjustment,

Noting the reports prepared by the UNCTAD secretariat in connexion with these issues,

Further noting the work programme in these areas in other organizations, such as the General Agreement on Tariffs and Trade and the United Nations Industrial Development Organization,

A. Structural adjustment related to trade

1. Reaffirms that the annual review of the patterns of production and trade in the world economy should consider relevant available information, including general policies, in order to provide a comprehensive factual and analytical background of global trends of production, imports and exports, with a view to identifying elements or problems most relevant, in the light of the dynamics of comparative advantage, to the attainment of optimum over-all economic growth, including the development and diversification of the economies of developing countries and an effective international division of labour,

2. Requests the Secretary-General of UNCTAD, in this context, to put forward specific proposals, including detailed terms of reference, for studies to form the background for this annual review.

B. Protectionism

3. Requests the Secretary-General of UNCTAD, in collaboration with other international organizations concerned, to undertake such factual and balanced studies involving restrictions of trade in all countries as may be required for the review called for in paragraph 5 of Conference resolution 131 (V).

i/ See para. 236 above.

ANNEX III

Provisional agenda for the twenty-second session
of the Board a/

1. Procedural matters:
 - (a) Election of officers;
 - (b) Adoption of the agenda and organization of the work of the session;
 - (c) Adoption of the report on credentials;
 - (d) Provisional agenda for the twenty-third regular session of the Board and organization of the work of the session.
2. Specific matters arising from the resolutions, recommendations and other decisions adopted by the Conference at its fifth session requiring attention or action by the Board at its twenty-second session.
3. Evaluation of the world trade and economic situation and consideration of issues, policies and appropriate measures to facilitate structural changes in the international economy, taking into account the interrelationships of problems in areas of trade, development, money and finance, with a view to attaining the establishment of a new international economic order and bearing in mind the further evolution that may be needed in the rules and principles governing international economic relations.
4. Interdependence of problems of trade, development finance and the international monetary system.
5. Implementation of Trade and Development Board resolution 165 (S-IX) on the debt and development problems of developing countries.
6. Sixth session of the United Nations Conference on Trade and Development: place, date and duration.
7. Rationalization of the permanent machinery of UNCTAD.
8. Matters requiring action by the Board arising from or related to reports and activities of its subsidiary and other bodies.
9. Progress in the implementation of specific action related to the particular needs and problems of developing island countries.
10. Institutional, organizational, administrative and related matters:

a/ As approved by the Board at its 544th meeting on 27 September 1980 (see paras. 642-644 above).

- (a) Treatment of new States members of UNCTAD for purposes of elections;
- (b) Announcement of any changes in the membership of the Board and election to membership of main Committees;
- (c) Designation of intergovernmental bodies for the purposes of rule 78 of the rules of procedure of the Board;
- (d) Designation and classification of non-governmental organizations for the purposes of rule 79 of the rules of procedure of the Board;
- (e) Review of the calendar of meetings;
- (f) Financial implications of the actions of the Board;
- () ...

To be completed, as necessary

11. Other business.

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

ANNEX IV

Financial implications of the actions of the Board

In accordance with rule 31 of the rules of procedure, the Board was advised, in the course of its discussions, of the administrative and financial implications of any proposals that involved expenditure. The substance of the statement circulated by the UNCTAD secretariat (TD/B/567/Add.2) and of an oral statement in this connexion are summarized below.

1. The calendar of meetings for 1980-1981 proposed in document TD/B/L.567 contains several new items submitted for approval by the Board, which emanate either from recommendations of its subsidiary bodies or from United Nations conferences. The related detailed financial implications were submitted to the body or conference concerned or to the Board at the time the related decision was taken, and are summarized for the Board's convenience below.
2. The United Nations Conference on an International Code of Conduct on the Transfer of Technology adopted at its third session, on 7 May 1980, a resolution (contained in TD/CODE TOT/L.9) requesting the Secretary-General of UNCTAD to consult the regional groups for the purpose of deciding the date of a reconvened session of the Conference. For planning purposes, a period of three weeks in 1981 has been retained in the calendar. The financial implications of reconvening the conference are contained in TD/CODE TOT/L.9/Add.1, and are estimated to be \$515,000.
3. When setting the dates for the fourth session of the United Nations Conference on an International Code of Conduct on the Transfer of Technology in March/April 1981, the Board considered holding consultations in anticipation of the conference for two days. On the assumption that these consultations, which would be held in Geneva in February 1981, would require one conference room, interpretation in six languages and altogether 10 pages of documentation, the direct conference-servicing costs are estimated to be \$13,000.
4. By its decision 17 (IX), the Committee on Invisibles and Financing related to Trade recommended to the Trade and Development Board the convening of an intergovernmental group of experts on an export credit guarantee facility. The related financial implications were estimated to be \$160,000 for conference services for a total of two weeks of meetings, and \$30,000 for travel expenses, as detailed in annex II of the report of the Committee on the first part of its ninth session.
5. Consequent upon the resolution adopted by the United Nations Negotiating Conference on a Common Fund under the Integrated Programme for Commodities at its fourth session, in June 1980, the first meeting of the Preparatory Commission for the Common Fund for Commodities has been listed (for information purposes) in the draft calendar from 20 to 24 October 1980. Following the adoption by the General Assembly of decision 34/446, the required advance of \$1.8 million is being sought from the General Assembly to finance the interim arrangements

designed to bring the Common Fund into operation. Similarly, an advance of \$200,000 is being sought from the General Assembly to finance on a reimbursable basis the activities required to be undertaken for the establishment of the International Natural Rubber Organization following the conclusion of the International Natural Rubber Agreement in October 1979. These activities include the first session of the International Natural Rubber Council, which is listed (for information purposes) in the draft calendar from 17 to 21 November 1980.

6. The Committee on Shipping concluded its ninth session on 13 September 1980; matters requiring action by the Board are summarized in TD/B/L.568, which also contains, in annex V, the relevant statements of the administrative and financial implications. They relate to resolution 41 (IX) concerning the convening of a special session of the Committee to deal with the question of open-registry fleets, the financial implications of which were estimated at \$176,000, and resolution 42 (IX), requesting the Secretary-General of UNCTAD to convene two sessions of a group of experts on the carriage of bulk cargoes, the financial implications of which were estimated at \$129,000 (\$69,000 for conference-servicing costs and \$60,000 for travel and per diem of experts).

7. In order to fit into the over-all time-table for the preparation and review of the 1982-1983 programme budget, the third session of the Working Party on the Medium-term Plan and the Programme Budget, originally proposed to be held from 2 to 6 March 1981, would need to be rescheduled for the first week of May. This would necessitate a one-day resumed session of the Board in order to consider and adopt the report of the Working Party. The financial implications of a one-day Board session are estimated to be \$10,000.

ANNEX V

Membership of the Trade and Development Board a/

| | | |
|---|------------------------|--|
| Afghanistan | Guinea | Portugal |
| Algeria | Guyana | Qatar |
| Argentina | Haiti | Republic of Korea |
| Australia | Honduras | Romania |
| Austria | Hungary | Saudi Arabia |
| Bangladesh | India | Senegal |
| Barbados | Indonesia | Sierra Leone |
| Belgium | Iran | Singapore |
| Benin | Iraq | Somalia |
| Bolivia | Ireland | Spain |
| Brazil | Israel | Sri Lanka |
| Bulgaria | Italy | Sudan |
| Burma | Ivory Coast | Suriname |
| Burundi | Jamaica | Sweden |
| Byelorussian Soviet Socialist Republic | Japan | Switzerland |
| Canada | Jordan | Syrian Arab Republic |
| Central African Republic | Kenya | Thailand |
| Chad | Kuwait | Togo |
| Chile | Lebanon | Trinidad and Tobago |
| China | Liberia | Tunisia |
| Colombia | Libyan Arab Jamahiriya | Turkey |
| Costa Rica | Liechtenstein | Uganda |
| Cuba | Luxembourg | Ukrainian Soviet Socialist Republic |
| Cyprus | Madagascar | Union of Soviet Socialist Republics |
| Czechoslovakia | Malaysia | United Arab Emirates |
| Democratic People's Republic of Korea | Mali | United Kingdom of Great Britain and Northern Ireland |
| Democratic Yemen | Malta | United Republic of Cameroon |
| Denmark | Mauritania | United Republic of Tanzania |
| Dominican Republic | Mauritius | United States of America |
| Ecuador | Mexico | Upper Volta |
| Egypt | Mongolia | Uruguay |
| El Salvador | Morocco | Venezuela |
| Ethiopia | Netherlands | Viet Nam |
| Finland | New Zealand | Yemen |
| France | Nicaragua | Yugoslavia |
| Gabon | Nigeria | Zaire |
| German Democratic Republic | Norway | Zambia |
| Germany, Federal Republic of | Oman | |
| Ghana | Pakistan | |
| Greece | Panama | |
| Guatemala | Papua New Guinea | |
| | Peru | |
| | Philippines | |
| | Poland | |

a/ See para. 588 above.

ANNEX VI

Membership of the main committees of the Board a/

Committee on Commodities

| | |
|---------------------------------------|---|
| Algeria | Italy |
| Argentina | Ivory Coast |
| Australia | Jamaica |
| Austria | Japan |
| Bangladesh | Jordan |
| Belgium | Kenya |
| Bolivia | Liberia |
| Brazil | Libyan Arab Jamahiriya |
| Bulgaria | Madagascar |
| Burundi | Malaysia |
| Canada | Malta |
| Central African Republic | Mauritius |
| Chad | Mexico |
| Chile | Morocco |
| China | Netherlands |
| Colombia | New Zealand |
| Costa Rica | Nicaragua |
| Cuba | Nigeria |
| Czechoslovakia | Norway |
| Democratic People's Republic of Korea | Pakistan |
| Democratic Yemen | Panama |
| Denmark | Peru |
| Dominican Republic | Philippines |
| Ecuador | Poland |
| Egypt | Qatar |
| El Salvador | Republic of Korea |
| Ethiopia | Romania |
| Finland | Rwanda |
| France | Saudi Arabia |
| Gabon | Senegal |
| German Democratic Republic | Spain |
| Germany, Federal Republic of | Sri Lanka |
| Ghana | Sudan |
| Greece | Sweden |
| Guatemala | Switzerland |
| Guinea | Syrian Arab Republic |
| Honduras | Thailand |
| Hungary | Togo |
| India | Trinidad and Tobago |
| Indonesia | Tunisia |
| Iran | Turkey |
| Iraq | Uganda |
| Ireland | Union of Soviet Socialist Republics |
| Israel | United Kingdom of Great Britain and Northern Ireland |

a/ See para. 629 above.

United Republic of Cameroon
United Republic of Tanzania
United States of America
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Venezuela
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Zaire

Committee on Manufactures

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Democratic Yemen
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Dominican Republic
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El Salvador
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Germany, Federal Republic of
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Honduras
Hungary
India
Indonesia
Iran
Iraq
Ireland
Israel
Italy
Ivory Coast
Jamaica

Japan
Jordan
Kenya
Liberia
Libyan Arab Jamahiriya
Madagascar
Malaysia
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Mauritius
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Morocco
Netherlands
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Nigeria
Norway
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Poland
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Sri Lanka
Sudan
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Switzerland
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Zaire

Committee on Invisibles and Financing related to Trade

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El Salvador
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Committee on Shipping

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Czechoslovakia
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El Salvador
Ethiopia
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Gabon
German Democratic Republic
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Greece
Guatemala
Guinea
Honduras
Hungary
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Iran
Iraq
Israel
Italy
Ivory Coast

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Jordan
Kenya
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Democratic Yemen
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Egypt
El Salvador
Ethiopia
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Germany, Federal Republic of
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Guatemala
Honduras
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Iran
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Jamaica
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Kuwait
Liberia

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United Republic of Tanzania
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Venezuela
Viet Nam
Yugoslavia
Zaire

Committee on Economic Co-operation among Developing Countries

| | |
|---------------------------------------|---|
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| Australia | Malta |
| Austria | Mauritius |
| Bangladesh | Mexico |
| Belgium | Morocco |
| Bolivia | Netherlands |
| Brazil | New Zealand |
| Bulgaria | Nicaragua |
| Canada | Nigeria |
| Central African Republic | Norway |
| Chile | Oman |
| China | Pakistan |
| Colombia | Panama |
| Costa Rica | Peru |
| Cuba | Philippines |
| Czechoslovakia | Poland |
| Democratic People's Republic of Korea | Qatar |
| Democratic Yemen | Republic of Korea |
| Denmark | Romania |
| Ecuador | Saudi Arabia |
| Egypt | Senegal |
| El Salvador | Somalia |
| Ethiopia | Spain |
| Finland | Sri Lanka |
| France | Sudan |
| Gabon | Suriname |
| German Democratic Republic | Sweden |
| Germany, Federal Republic of | Switzerland |
| Ghana | Syrian Arab Republic |
| Greece | Thailand |
| Guatemala | Togo |
| Guyana | Trinidad and Tobago |
| Honduras | Tunisia |
| India | Turkey |
| Indonesia | Uganda |
| Iran | Union of Soviet Socialist Republics |
| Iraq | United Arab Emirates |
| Ireland | United Kingdom of Great Britain and Northern Ireland |
| Israel | United Republic of Cameroon |
| Italy | United Republic of Tanzania |
| Jamaica | United States of America |
| Japan | Uruguay |
| Jordan | Venezuela |
| Kenya | Viet Nam |
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| Liberia | Zambia |
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