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Chairman: Mr. Toru HAGIWARA (Japan).

AGENDA ITEMS 28 AND 12

**Economic development of under-developed countries
(continued)**

**Report of the Economic and Social Council (chapter I,
section VI, chapters II, III, IV and V) (A/3848, A/
C.2/L.395/Rev.1) (continued)**

**EXAMINATION OF DRAFT RESOLUTIONS (A/C.2/
L.395/REV.1) (continued)**

1. The CHAIRMAN invited members of the Committee to resume consideration of the eleven-Power draft resolution concerning international commodity problems (A/C.2/L.395/Rev.1).

2. Mr. THAJEB (Indonesia) welcomed the efforts, however limited, which had been made in the field of international commodity trade and which had led to the negotiation of international agreements on various commodities. It was comforting to see that at recent international meetings the countries which imported primary commodities had shown a desire to take measures to stabilize the commodity markets. It was to be hoped that in future all negotiations would take as a premise the need to re-establish a fair relationship between commodity prices and the price of manufactured goods.

3. His delegation could not but approve the aim of the draft resolution, which would encourage and continue efforts to stabilize commodity markets and eliminate the obstacles which hindered trade in that field. Certain passages of the draft, could, however, be improved. It would be a good idea to insert in operative paragraph 1 the words "as well as by other methods", as suggested by the Yugoslav and Ceylonese representatives, and to modify operative paragraph 3 to take into account the Afghan representative's comments. In addition, he would prefer that paragraph to speak of international commodity agreements rather than international trading arrangements, since the latter term was not sufficiently exact in the present case.

4. Mr. PSCOLKA (Czechoslovakia) regretted that the Committee should have to take up such an important question as international commodity trade at the last

minute. Whilst the situation had been well analysed in some interesting studies, it had to be recognized that little had been done to stabilize markets and to raise commodity prices to a fair level. As a result of the growing disproportion between the prices of commodities and those of manufactured goods, the under-developed countries were sustaining losses which greatly exceeded the total economic assistance they received from external sources. At the end of 1957, the terms of trade between commodities and processed products had reached the lowest level of the post-war period and had not improved since then. That situation was due, in part, to the downturn in economic activity in the industrialized capitalist countries and also to the fact that large undertakings and private companies engaged in all sorts of price manipulation, both on the home and world markets. The under-developed countries had no control over those aspects of the problem and no progress would be possible if the industrialized countries did not show goodwill and understanding. In that connexion, he stressed that the reconstitution of the Commission on International Commodity Trade in no way corresponded to present needs and that the abandonment of certain fundamental principles could only lead to a dead-lock. The problems of international commodity trade could not be solved by examining the situation on a commodity-by-commodity basis, since there was, in fact, only a single complex problem, which must be studied as a whole.

5. He was in favour of the amendments submitted by Yugoslavia (577th meeting) which would make good some of the deficiencies of the draft resolution.

6. Mr. GURINOVICH (Byelorussian Soviet Socialist Republic) said that he would be pleased if the sponsors of the draft were to accept the Yugoslav amendment and wondered whether they would consider adding at the end of operative paragraph 1 a clause worded as follows:

"bearing in mind, in particular, the need to maintain a fair relationship between the prices of the primary commodities exported and the manufactured goods imported by the under-developed countries".

7. Mr. SOPIEE (Federation of Malaya) thought that it was clear from the draft resolution that the solution of problems of international commodity trade was of the utmost importance for the industrialized countries as well as for the under-developed countries. The adoption of the amendment proposed by Japan (577th meeting) would further stress that community of interest between the two groups of countries. He was not opposed, in principle, to the French amendment (A/C.2/L.406), but considered that the draft resolution was already too long and that the amendment would duplicate the ninth preambular paragraph.

8. Although it was true that the problems of international commodity trade were complex, that various

methods might be utilized in order to solve them and that there was an undoubted link between commodity trade and international trade as a whole, it would be a mistake to broaden the scope of the draft resolution, which was concerned solely with commodity trade, the more so as the Committee had already adopted a draft resolution on the promotion of international trade (A/C.2/L.393).

9. He wished to clarify a remark which he had made at an earlier meeting (563rd meeting): he had welcomed the Soviet delegation's statement that the USSR no longer intended to sell tin below world prices, but he had always thought that the Soviet Union should be a member of the International Tin Council.

10. Mr. ARKADEV (Union of Soviet Socialist Republics) denied that his country had ever engaged in dumping on the tin market. It had in fact sold its tin at the current price on the London market. His country was opposed to the practice of dumping, but it should be noted that in the case of any country circumstances might arise which favoured the sale of one or another commodity. With regard to tin, the Soviet Government was aware that the Federation of Malaya wanted it to be a party to the Tin Agreement, but it considered itself sole judge of the measures which it should take in order to co-operate with all countries and with the International Tin Council.

11. Mr. SOPIEE (Federation of Malaya) said that he was in no way seeking to dictate the policy the Soviet Government should follow, but stressed that the Tin Agreement could not be effective without the active participation of all the countries concerned, and that it was thus desirable for the Soviet Union to become a party to the Agreement.

12. The CHAIRMAN proposed that the meeting should be suspended to enable the sponsors of the draft resolution to hold consultations.

The meeting was suspended at 11.35 a.m. and resumed at 12.15 p.m.

13. Mr. WALKER (Australia) said that the sponsors of the draft resolution did not underestimate the importance of world economic problems in general, but did not believe that the development of international trade, or the upward trend in certain prices resulting from inflation, should be mentioned in a draft resolution devoted to commodity problems and worded in such a way as to command the widest possible support in the Committee. Accordingly they could not accept the observations or suggestions announcing the terms of trade made by the representatives of Portugal, Ceylon and Morocco, and agreed with the group of experts of the Contracting Parties to the General Agreement on Tariffs and Trade (GATT), that the terms of trade were the outcome of a whole series of different factors. Similarly they did not consider it possible to mention in the second preambular paragraph the need to increase the rate of expansion of world trade, as the Belgian representative had suggested, or to delete the words "in such products" from the third preambular paragraph, as he wished, since the paragraph was concerned with the effects of protectionism on primary products. Unlike the representatives of Yugoslavia, Ceylon and Portugal, the sponsors wished to maintain unaltered the words "on a commodity by commodity basis" in operative paragraph 1: a commodity by commodity examination would in fact make it possible to

achieve practical results, with the participation of a large number of countries, and the tenth preambular paragraph showed that other methods were not excluded, since Governments had a growing tendency to broaden the scope of international study and discussion. Finally, the sponsors could not alter the text of operative paragraph 3 in the way indicated by the Afghan and Yugoslav representatives, since it would serve no purpose to address an appeal to all nations which specially concerned the countries that did not participate in international trading arrangements, or to specify those arrangements as the Yugoslav representative wished.

14. On the other hand, the sponsors had accepted certain suggestions, and in particular wished to substitute, in the English text of the first preambular paragraph, the word "earnings" for the word "revenues", which might give rise to confusion. Bearing in mind the Portuguese representative's remarks, they had decided to add in the third preambular paragraph the words "both of a short-term and long-term nature" after the words "serious problems". In addition, at the suggestion of the Belgian representative they would delete from the fourth preambular paragraph the words "including those having a natural advantage in their production", although the Australian delegation, for its part, would have preferred to retain that wording, and reserved the right to raise that aspect of the question again in the bodies concerned. The sponsors had also accepted the Japanese proposal to add, at the end of the ninth preambular paragraph, the words "in their mutual interests", which made the meaning of the paragraph clearer without altering it. Finally, in order to take into account the remark made by the French and Greek representatives, they had decided to word operative paragraph 2 as follows:

"Supports the action taken by the Economic and Social Council under resolution 691 (XXVI) for the purpose of making the Commission on International Trade more effective and its decision to convene the Commission early in 1959;"

15. Mr. BENKIRANE (Morocco) emphasized the magnitude of the losses sustained by the under-developed countries as a consequence of the deterioration in the terms of trade and the continual rise in the prices of manufactured goods. He accordingly proposed the insertion after the first preambular paragraph of a new paragraph reading: "Bearing in mind the consequences of changes in the terms of trade for the economic development of many countries."

16. Mr. TEIXEIRA PINTO (Portugal) said that he would support the draft resolution, which was useful, as it was designed to deal with short-term problems that urgently demanded a solution. At the same time, he noted with satisfaction that the sponsors recognized the importance of the long-term problems and had agreed to mention them in the third preambular paragraph. He felt, however, that the second preambular paragraph proposed by the Moroccan representative might raise delicate issues without substantially modifying the basic idea of the draft.

17. Mr. VIAUD (France) thanked the sponsors for taking into account his suggestion regarding operative paragraph 2.

18. Mr. KITTANI (Iraq) could not support operative paragraph 3, as it dealt with international trade in general and was therefore outside the scope of the draft

resolution. Moreover, it lacked precision and was open to different interpretations. Practices "generally considered to be unfair" by some countries might, in fact, be regarded as legitimate protective measures by others. The wisest course would undoubtedly be to delete that paragraph, as the Yugoslav representative had first suggested. If it was retained without substantial modification, his delegation would ask for a separate vote on it.

19. Mr. FARHADI (Afghanistan) felt that the Australian representative had misinterpreted his intention: he had wished to avoid the establishment of a distinction between some countries and others, and to ensure that it was not up to a particular group of countries to decide whether trading practices were admissible or not. He would not press the text he had proposed to the vote, but he hoped that the sponsors would revise the present wording of operative paragraph 3. If they did not, he would ask for a separate vote on that paragraph and would abstain.

20. Mr. FLERE (Yugoslavia) appreciated the spirit of co-operation shown by the sponsors, but was somewhat disappointed with the revised draft resolution as submitted by the Australian representative. The draft, in fact, continued to stress a single solution, the commodity-by-commodity approach, although the debate had shown that, if it was to be solved permanently and effectively, the problem had also to be tackled from other angles. He would therefore ask for a separate vote on operative paragraph 1. He unconditionally supported the Moroccan amendment; the terms of reference of the Commission on International Commodity Trade laid down by the Economic and Social Council explicitly provided for consideration of the problem of terms of trade.

21. Mr. ABDEL-GHANI (United Arab Republic) requested a separate vote on the fifth preambular paragraph. He would abstain from voting on that paragraph and also on operative paragraph 2, not because he disagreed with the substance, but in order to protest against the fact that in reconstituting the Commission on International Commodity Trade the Council had arbitrarily cut short the terms of office of the United Arab Republic, which would not normally have retired from the Commission until the end of 1960.

22. Mr. PENTEADO (Brazil) asked for a separate vote on operative paragraph 2. He would vote against that paragraph, whether modified or not, because he considered that the measures taken by the Council were not likely to increase the effectiveness of the Commission on International Commodity Trade.

23. Mr. WOULBROUN (Belgium) thanked the sponsors for accepting his suggestion regarding the fourth pre-

ambular paragraph. He continued to believe that it would be preferable to delete the words "in such products" from the third preambular paragraph, but in view of the Australian representative's explanation he would not press that point.

24. Mr. HALIQ (Saudi Arabia) felt that the Moroccan amendment was very important and should be adopted by the Committee. Its rejection would further weaken the already limited terms of reference of the Commission on International Commodity Trade.

25. Mr. CARANICAS (Greece) thanked the sponsors for the efforts they had made to meet the wishes of other members of the Committee. He would have liked to support the Moroccan and Yugoslav amendments, but he realized that they raised complex problems which could hardly be tackled so late in the session. The same was true of the comments of the representatives of Brazil and the United Arab Republic, which would have warranted consideration. The simplest solution would probably be to delete the fifth preambular paragraph and, in the seventh preambular paragraph to insert the word "reconstituted" before "Commission on International Commodity Trade". With regard to operative paragraph 2, he asked that it should be stated in the report that one of the proposed amendments had been intended to remind Governments that they could submit their commodity problems to the Commission on International Commodity Trade, and take part in the study of those problems in the Commission.

26. Mr. VIAUD (France) supported that suggestion.

27. Mr. KITTANI (Iraq) proposed the deletion of operative paragraph 3.

28. Mr. ARKADEV (Union of Soviet Socialist Republics) supported that proposal. He endorsed the Moroccan amendment and the Japanese representative's suggestion (577th meeting). The position taken by the Brazilian and the United Arab Republic representatives was entirely justified: it would be better to delete any reference to the Commission on International Commodity Trade. His delegation would abstain from voting on operative paragraph 2. With regard to paragraph 1, it preferred the version proposed by the Yugoslav representative, but, as the sponsors had not accepted it, it would abstain when that paragraph was put to the vote.

29. Mr. CARANICAS (Greece) pointed out that Economic and Social Council resolution 691 A (XXVI) was to be endorsed by the General Assembly and that the Committee could not therefore delete from its draft resolution all references to the Commission on International Commodity Trade.

The meeting rose at 1.10 p.m.