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ON TRADE AND DEVELOPMENT**

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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/-
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Committee on Economic Co-operation among Developing Countries	TD/B/C.7/-
Information series of the Board	TD/B/INF.-
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The Proceedings of the United Nations Conference on Trade and Development, Fourth Session, have been issued as follows: volume I, Report and Annexes (United Nations publication, Sales No. E.76.II.D.10 and Corr.1), containing, inter alia, the Conference's resolutions and decisions; volume II, Summaries of Statements by Heads of Delegation and Summary Records of Plenary Meetings (Sales No. E.76.II.D.11); volume III, Basic Documentation (Sales No. E.76.II.D.12).

Symbols referring to resolutions and decisions of the sessions of the Conference consist of an arabic numeral followed by "(II)", "(III)", or "(IV)" as the case may be, thus 1 (II), 36 (III), 85 (IV), 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 are 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". 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....-.../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 text 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 fascicles pertaining to the relevant agenda items.

Supplements

The Official Records of the Board include Supplement No. 1 (Resolution and decisions (TD/B/701)) to the ninth special session, and Supplement No. 1 (Resolutions and decisions) to the eighteenth regular session.

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ABBREVIATIONS

DAC	Development Assistance Committee
ECE	Economic Commission for Europe
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
GNP	Gross national product
GSP	Generalized system of preferences
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
ILO	International Labour Organisation
IMCO	Inter-Governmental Maritime Consultative Organization
IMF	International Monetary Fund
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of Petroleum-Exporting Countries
SDR	Special drawing rights
UNCLOS	United Nations Conference on the Law of the Sea
UNIDO	United Nations Industrial Development Organization
WIPO	World Intellectual Property Organization

PREFATORY NOTE

The fourteenth 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 11 September 1977 to 17 September 1978 and consists of the reports on the second part of the ninth special session, held from 23 to 27 January 1978, 3/ the third (ministerial) part of the ninth special session, held from 6 to 11 March 1978, 4/ the second part of the seventeenth regular session, held on 4 April 1978, 5/ and the eighteenth regular session, held from 29 August to 17 September 1978, 6/ All these sessions were held at Geneva.

1/ The 13 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>Symbol</u>
1st	1 January 1965-29 October 1965	20	15	A/6023/Rev.1
2nd	31 January 1965-24 September 1966	20	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

2/ For technical reasons, the report is issued in two volumes - volume I, containing the reports of the Board on the second and third (ministerial) parts of its ninth special session and the second part of its seventeenth session, and volume II, containing the report of the Board on its eighteenth session.

3/ Originally issued as TD/B/690.

4/ Originally issued as TD/B/699 and Corr.1 (English only) and Add.1.

5/ Originally issued as TD/B/700.

6/ Originally issued as TD/B/728 and Corr.1.

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>
Intergovernmental Preparatory Group on a Convention on International Multimodal Transport	Fourth session	14-25 November 1977	TD/B/682
Committee on Invisibles and Financing related to Trade	Eighth session, first part	5-9 December 1977	TD/B/684

INTRODUCTION

1. The eighteenth session of the Trade and Development Board was held at the Palais des Nations, Geneva, from 29 August to 17 September 1978, in accordance with the revised calendar of UNCTAD meetings for the remainder of 1978 approved by the Board at the second part of its seventeenth session. 1/
2. The session was opened on 29 August 1978 by Mr. H. Khan (Pakistan), Vice-President, on behalf of Mr. S. de Alwis (Sri Lanka), President of the Board during its seventeenth session.
3. At the 497th (opening) meeting, Mr. D.L. Castellanos (Venezuela) was elected President of the Board by acclamation.
4. At the same meeting the Board observed a minute of silence in tribute to the memory of President Jomo Kenyatta of Kenya.
5. In a statement made on assuming office, 2/ the President said that the interdependence of problems of trade, finance for development and the international monetary system being a recognized reality, remedial action was the responsibility of all and must therefore be shared. The structural nature of the current crisis in the world economy meant that there must be structural reform, in particular, of those economies whose dynamism made them pivots of the world economic system. The fact that the present crisis was accompanied by high unemployment and inflation meant that the institution of the new international economic order must be accelerated. At the same time, the relation between trade and development must be studied and consideration should be given to the extent to which the imitation of the modes of living of developed countries had led developing countries into situations not entirely compatible with the efforts to achieve greater equity and improved exploitation of their scarce resources.
6. The progress of the Integrated Programme for Commodities, a key element in the establishment of the new international economic order, should also be examined and it was clear that efforts in that connexion should be redoubled. The Board also had to take important decisions on the question of manufactures and semi-manufactures; it was regrettable that substantive work regarding access to markets must await the results of negotiations carried on in other forums. It was likewise regrettable that negotiations extremely important for the world economy should have been confined to a very few countries, that there had been significant alterations in the guidelines adopted in 1973 at ministerial level and that there was a deliberate intent to maintain a single rule instead of creating a system of several rules, some of which would have had reference to the particular situation of the developing countries. Against that background, the importance of the question of protectionism could be understood; thorough and frank discussion of the problems was essential.

1/ See Official Records of the General Assembly, Thirty-Third Session, Supplement No. 15 (A/33/15), vol. I, part three, annex I, decision 167 (XVII).

2/ For a fuller account of the statement by the President of the Board, see the summary record of the 497th meeting (TD/B/SR.497).

7. Substantial progress had been made in economic co-operation among developing countries, particularly at the global level. It was now necessary to proceed to the formulation and implementation of specific policies for co-operation. Such activities could not be the sole responsibility of the countries of the third world but must be shared by the entire international community and the major industrialized countries must display considerable flexibility in this respect.

8. Seriously affected by the world economic situation were the least developed, island and land-locked developing countries. Immediate action was needed to formulate a special action programme for the least developed countries in both the long and short term. Efforts should be intensified to improve the transport situation of island countries, to eliminate the restrictions on their shipping and to develop their marine resources. In the case of land-locked countries, there should be an increased effort to improve regional and subregional co-operation in transit arrangements, with special measures in their favour in the fields of trade policy, transport and communications. The United Nations Special Fund for Land-Locked Developing Countries should take steps immediately to provide resources in that connexion.

9. There was a close interrelationship between development and disarmament. The constant drain of resources for arms had been an important factor in bringing about the current crisis. It was imperative to implement article 15 of the Charter of Economic Rights and Duties of States, contained in General Assembly resolution 3281 (XXIX). The great Powers should convert their war industries into industries for peace and development, and allocate to development assistance at least 10 per cent of the resources at present devoted to maintaining the balance of terror.

10. In the face of the current crisis UNCTAD must demonstrate its ability to play its negotiating role. The proliferation of small forums, which reduced the effectiveness of negotiations, must be avoided. The fluctuations in the world economic order had very serious effects on the developing countries, as witness the repercussions of monetary disorder and protectionism on the developing economies, which through the effect of interdependence, would rebound with multiplying effects on the economies of the industrialized countries.

11. It was essential to change the persistent trend towards relegating developing countries to a marginal role in the adoption of fundamental decisions affecting the entire international community. Decisions taken among restricted and exclusive groups could not in reality be said to be valid. This was one of the reasons why the world economy had not been able to establish itself on a firmer footing. Only through concerted action within the United Nations system could a further deterioration in the world economy be avoided and the present sombre outlook lightened.

12. At the 498th meeting, on 29 August 1978, the Secretary-General of UNCTAD made an introductory statement in which he outlined in particular the issues underlying his proposals for the provisional agenda for the fifth session of the United Nations Conference on Trade and Development and certain related issues. 3/

13. The present report contains an account of the Board's proceedings during its eighteenth session. 4/

3/ For a fuller account of the statement by the Secretary-General of UNCTAD see TD/B.SR.498. The text of the statement was circulated under the symbol TD/B(XVIII)/Misc.3 following a decision by the Board at its 498th meeting, after it had taken note of the financial implications thereof.

4/ For a fuller account of the proceedings in plenary meetings of the Board see the summary records of the 497th to 510th meetings (TD/B/SR.497-510).

CHAPTER I

INTERDEPENDENCE OF PROBLEMS OF TRADE, DEVELOPMENT FINANCE AND THE INTERNATIONAL MONETARY SYSTEM ^{5/}

(Agenda item 2)

14. For its consideration of this item, the Board had before it a report by the UNCTAD secretariat on "Interdependence of problems of trade, development finance and the international monetary system: long-term problems of interdependence and the current world economic situation" (TD/B/712), together with the summary of a report on the "World Economic Outlook 1978-1979" (TD/B/712/Add.1), and "Some aspects of international economic stabilization: growth, inflation and international prices" (TD/B/712/Add.2).

15. In introducing this item, the representative of the Secretary-General of UNCTAD stressed that the world economy was characterized by a slow and uneven pace of recovery, continuation of historically high levels of unemployment, slow growth in world trade, continuation of high rates of inflation, maldistribution of current account balances, and instability of exchange rates. The Ministers of the Organization for Economic Co-operation and Development (OECD) member countries had recently observed that increasing resort to protectionist action of all kinds would, over time, "undermine the dynamic process which underlines recent productivity and would inhibit consistent non-inflationary growth". Governments were fully aware of the disequilibrating forces operating in both the international economy and national economies and had taken measures in an attempt to deal with the situation. For example, certain major countries had recently met at the summit level and had announced a series of measures to alleviate some of the problems facing their economies and the world economy at large. Nevertheless, even when these policies were taken into account, the UNCTAD secretariat's forecast for the world economy in 1978 and 1979 left very little room for encouragement. The volume of world trade was not forecast to increase at rates significantly different from the moderate rates witnessed in the recent past, and the terms of trade of primary commodities (excluding petroleum), in relation to manufactures, were forecast to decline between 1977 and 1979 by something of the order of 7 to 8 percentage points. Underlying this outlook was the disappointing growth performance forecast for the OECD economies, whose annual growth rates might fall slightly below the 4 per cent mark during 1978 and 1979. Unemployment was showing a tendency to worsen, and inflation rates were forecast to continue to be high by historical standards.

16. He added that the socialist countries of Eastern Europe had on the whole been less affected by developments in world trade, but had shown some deceleration in growth rates. Current plans were for an expansion in output consistent with growth rates achieved in the recent past.

17. With regard to developing countries, annual growth rates were expected to fall below the International Development Strategy target of 6 per cent in both 1978 and 1979. Nevertheless, growth rates were significantly higher than would have emerged from a simple dependency model in which the rates of growth of developing

^{5/} Certain statements made under this agenda item also referred to agenda item ⁴ (see chap. III below).

countries were a function of world economic conditions. In his view, this reflected an improved performance and a significant expansion of economic co-operation among developing countries themselves. There were, however, wide differences within the group of developing countries, with least developed countries likely to experience very low annual growth rates of the order of 4 per cent.

18. He noted that the secretariat forecast tended to be somewhat optimistic when compared with forecasts by other organizations or institutions, as it was predicated on the assumption that the measures recently announced by certain developed countries would be carried out fully and promptly. If appropriate measures were not undertaken immediately by countries with current account surpluses and low inflation rates, and if in the United States aggregate demand policy was to be excessively restrictive in the light of balance-of-payments constraints and instability in the external value of the dollar, then the possibility of a new recession in 1979 should not be excluded.

19. The medium-run outlook (1978-1982), he stated, was equally discouraging and raised the question of the nature of the recession itself. There was a growing awareness that the factors accounting for this phenomenon were not of a cyclical or transient nature but were embedded in the structure itself, and thus limited the policy options of governments and made it difficult for them to abide by the international rules established in the post-war period.

20. He added that, while there was general agreement that the period was one of structural transition, the nature of the problem was not as yet fully understood. Certain elements, however, suggested themselves. At both the national and the international levels, the political economy of the 20th century has so far been characterized by the co-existence of certain conflicting characteristics. First, the principle economic force had been essentially market-oriented; secondly, the main political thrust had been characterized by a significant shift from individual action for self-advancement to collective action, culminating in oligopolistic arrangements in the product and factor markets; and thirdly, it had been characterized by an income distribution of a pyramid shape.

21. At best, only a pair - any pair - of these characteristics could be accommodated, and over the years there had been a struggle over which of the three items was extraneous to the national and international systems. In the post-war period, at both the national and the international level, the dilemma had been bypassed simply by seeking to remove the constraint of income distribution through economic growth. This was what economic growth offered: a way out of the dilemma both domestically and internationally. Yet, he observed, from the present vantage point, one could see that economic growth had not solved the problem. not only had economic growth not trickled down so as to alter the distribution of income in a substantive way, it had introduced certain elements that had required the containment of growth itself, with many developed countries today facing social limits to growth. The problem facing the international community was how to reintroduce development and growth, not as a surrogate for facing real world problems, but as the natural outcome of harmonious social and economic relations. At the domestic level, this would require the specification of a new social contract, while internationally, viable economic growth would require the establishment of a new international economic order. This was the significant message to be drawn from an analysis of the concept of interdependence.

22. It was likely, in his view, that the international community would move towards a new international economic order step by step, and today a number of important issues were already under negotiation in various international forums, and in UNCTAD in particular. An analysis of interdependence made clear that these negotiations were integral elements of a stable and equitable world economic system where measures in favour of developing countries were not just gestures of charity, but expressions of enlightened self-interest. For example, the stabilization of commodity export earnings of developing countries and the reduction of the fluctuations of the prices of primary commodities not only served the interests of the developing countries and primary producers generally, they were also necessary ingredients to successful worldwide counter-cyclical and anti-inflationary policies. A further example was the relationship between trade policies and capital movements. Trade restrictions could not coexist with a liberal private capital mechanism. If capital movements were to follow a specified pattern of reallocation of investment worldwide, the resulting changes in production structures were bound to give rise to new trade patterns which must be validated if the world economic system was to remain stable.

23. In closing, the representative of the Secretary-General of UNCTAD stated that, while it was perhaps premature to engage the international community in negotiating a blueprint for international economic relations across the board, it was certainly not premature for the international community to consider these matters in a broader context and to evolve some kind of consultative arrangements for the discussion and examination of these issues, bearing in mind two broad objectives. First, the ad hoc short-term policies adopted by countries, particularly the major countries, should not be inconsistent with long-term development objectives of the international community and should take into account the interests of the countries that usually did not participate in more limited meetings. If major decisions affecting all member States were to be taken in restricted forums, at least the agenda for action must be written with the participation of all countries. Secondly, there was a need to engage the international community in a series of sophisticated and intensive dialogues to evolve an agenda of issues for future negotiations, including the writing, in due course, of arrangements and rules of the game for a new system of international economic relations that would be stable and equitable.

24. The representative of a developing country stated that the item on interdependence was a potentially powerful tool for clarifying issues and supporting negotiations in areas of major interest to all governments, to assist in the identification of priorities in areas of crucial importance to the success of development programmes. There was increasing recognition that current problems were so interrelated and interlinked that efforts to deal with them needed to be comprehensive and global.

25. First, he drew attention to the trade prospects of developing countries, which were crucial to the success or failure of their development programmes, and were fundamentally connected with demand conditions in world markets and the pattern of trade barriers. Developing countries could not orient investment programmes designed to promote their export diversification and industrialization in an uncertain world economic environment characterized by a slowing rate of growth of world trade and proliferation of trade barriers, the causes of which were traceable primarily to structural problems within the developed market-economy countries. In this connexion, he referred to the report of the Group of High-Level Governmental Experts on the Effects of the World Inflationary Phenomenon on the Development Process (TD/B/704 and Corr.2) which had put emphasis on these interrelationships. Another issue he

raised was that of access to capital markets, which was governed to a substantial degree by market perceptions as to the export potentials of individual developing countries and was also affected by the slowing rate of growth of world trade and the increasing proliferation of trade barriers.

26. The same representative stated that a further issue that would benefit from a global approach was the transfer of resources to developing countries to support their development programmes. The principal *raison d'être* for such transfers was to promote the development process. But, from the point of view of the world economy, the most productive use of these resources was in the more capital-scarce parts of the world economy. Since the resources would be used to a large extent to purchase imports from developed economies, and in general would buoy the level of world demand, the apparent cost to the developed market-economy countries of the transfer seriously overstated its real cost. In his opinion, the argument that increased demand by developing countries for the products of the developed market-economy countries would have inflationary consequences illustrated a reluctance or even unwillingness on the part of these countries to adjust to changing world economic conditions, and reflected a tendency on the part of many governments to support declining industries that had lost their competitive edge, rather than promoting investment in sectors where world demand was rising.

27. He noted that the rules governing access to official balance-of-payments support continued to be based on the traditional view that balance-of-payments finance should be short-term in order to finance what was held to be a temporary and self-reversing deficit. This was in conflict with the nature of the payments problems confronting developing countries, with the result that developing countries were required to adopt deflationary policies as a condition of access to various payments facilities. The international monetary system should be reshaped in order to be more responsive to the requirements of the international community including the developing countries.

28. Another issue which took on new meaning in the context of an interdependent world economy was that of compensatory financing mechanisms. From the point of view of individual developing countries, the importance of compensatory financing rested on its potential ability to stabilize import capacity in the face of fluctuations in export earnings due to a variety of causes. But, viewed from the point of view of the world economy, a properly designed compensatory financing mechanism would contribute to the stabilization of international trade, since it would serve to support import demand during times of world economic slack. The current compensatory financing facility of the International Monetary Fund (IMF) was not able to fulfil this role because of a number of fundamental shortcomings in its operations.

29. Referring to the Integrated Programme for Commodities, he stressed its importance and its potential for stabilizing the export earnings of primary commodity producers. From the point of view of the world economy, the Integrated Programme would have the added benefit of stabilizing prices and supplies of primary commodities thus contributing to world economic stabilization and thereby helping to control world inflationary processes, as had been pointed out in TD/B/712/Add.2. It was thus inexplicable that so little progress had been made to date on the negotiations on the Common Fund.

30. Finally, he stated that the issue of interdependence had the potential for generating a better understanding of the real costs and benefits of proposals on specific issues, thus serving to reduce uncertainties and foster the negotiating process. It was difficult to imagine a way of ensuring that the results of negotiations

would be consistent with the goals for long-term development of the developing countries and the world economy in general, in the absence of the coherent framework of interdependence.

31. The representative of another developing country stated that the world economy was currently characterized by a state of continuing crisis, marked by a faltering pace of recovery from the recession of 1974-1975, a slow-down of world trade, persistent inflation and high rates of unemployment in developed market-economy countries, disequilibria in the balance of payments, and problems of fluctuating exchange rates. These problems did not appear to be cyclical but were rather of a long-term structural character. Although both inflation and stagnation had adversely affected domestic prices, the balance of payments and economic activity generally in developing countries, these countries had no control over these phenomena. The basic handicaps of these countries in the form of supply rigidities, a low degree of diversification, concentration on a limited number of products (especially primary commodities), the presence of surplus labour and inadequate scope for flexibility in public expenditure, had heightened the impact of these phenomena. Moreover, the burden of adjustment was being passed on to the developing countries through the widening of their payment deficits and an increase in their external indebtedness, a worsening of their terms of trade, restrictions on export outlets for their manufactured products, and a slowing-down of their overall growth.

32. These problems had been accompanied by a breakdown in the institutional system evolved in the post-war years, which had increased the uncertainties for developing countries' trade and had affected their real export earnings. Even in the field of trade, the tendency to resort to protectionist action in overt or covert forms, often outside the General Agreement on Tariffs and Trade (GATT), had highlighted the inadequacies of the system.

33. In his view, such problems pointed up the structural weaknesses and institutional inadequacies of the international economic system, and the need for interrelationships between policies governing economic relations in various sectors. Recent economic summit discussions among developed market-economy countries had recognized the need for a co-ordinated view of policies in the fields of money, finance, trade and development. The developing countries, whose economies were profoundly affected by such policies, should be involved in such deliberations, and the principle determining intersectoral relationships needed to be made more responsive to their needs. There was thus need for a continuing mechanism within UNCTAD for pursuing deliberations on the issue of interdependence.

34. In his view, policies had to be evolved and implemented which would facilitate the process of adjustment and redeployment of production on the basis of a new and more equitable international division of labour. In consequence, there had to be restructuring of commodity markets, increased availability of resources and technology to the developing countries, and a reform of the international monetary system and its institutional machinery.

35. He viewed with particular concern the rise in protectionist tendencies in developed countries, as a result of which developing countries were facing restrictive barriers in those sectors in which they were acquiring a comparative advantage or increasing their level of processing. It was ironic that the developed countries were

resorting to such protection at a time when several developing countries were making efforts to liberalize their import regimes. The adoption of proper adjustment measures was a sine qua non for orderly transformation and such measures should be undertaken on the basis of appropriate international consultations.

36. The Tokyo Declaration ^{6/} had given hope that the multilateral trade negotiations would not only secure additional benefits for the international trade of developing countries but also promote a fundamental transformation in trade relationships between developed and developing countries through an improved framework for world trade. Experience so far had been disappointing and it was likely that the sectors of greatest interest to developing countries would not benefit, or would benefit only partially, from the liberalization of trade barriers. Furthermore, it seemed that, for non-sensitive products, developing countries would suffer an erosion of their terms of preferential access. Trade liberalization was confined largely to tariffs, with little prospect of progress in respect of quantitative restrictions. Moreover, the trend of discussions in the fields of "safeguard measures" and "subsidies and countervailing duties", if not reversed, could together tilt the scales against developing countries in a discriminatory fashion. In negotiations in the Framework Group of GATT, not only had procedural improvements demanded by developing countries been rejected, but developing countries were being asked to make substantive concessions regarding disposal of their natural resources. Instead of providing a legal basis and security for the generalized system of preferences (GSP), the negotiations were witnessing attempts to introduce concepts of "graduation" and "selectivity". If these moves were not rejected by the international community, the world trading environment for developing countries would become even more restrictive as a result of the negotiations.

37. He expressed disappointment at the slow pace of progress in the negotiations on individual commodities under the Integrated Programme. Preparatory meetings had often been characterized by excessive analysis, with the result that the basic objectives of restructuring commodity markets and adopting an overall integrated approach had often been lost sight of. After two sessions of the United Nations Negotiating Conference on a Common Fund under the Integrated Programme for Commodities and discussions held in other forums, some flexibility on the part of developed countries in their approach to the elements of the Common Fund appeared to be emerging. The establishment of the Common Fund, as a central element of the Integrated Programme for Commodities, was a prerequisite for achieving the objectives of the Programme, and for the promotion of international commodity arrangements. A strong and effective Common Fund must be based on a substantial amount of direct government contributions, and should cover not only financing of stocks but "other measures" as well.

38. He was pleased to note that a measure of agreement had been reached on the various elements of the International Code of Conduct on the Transfer of Technology, and that a negotiating conference was soon to be convened to discuss the draft Code.

39. The external indebtedness of developing countries was another area in which UNCTAD had taken important decisions and he welcomed the fact that a number of developed market-economy countries had taken steps for debt relief. Other donors should also join in the effort to reduce the debt burden of the poorer developing

^{6/} See GATT, (Sales No. GATT/1974-1), p. 19.

countries. Action in this regard, he said, must accompany an increased transfer of real resources to the poorer developing countries on suitable terms. There had been a serious deterioration in the terms of trade of non-oil-exporting developing countries during the present decade, leading to a loss in their import capability of the order of 1 per cent of their total gross national product (GNP) per annum. The current-account deficit of these countries had also mounted, forcing them to curb their development plans. It was therefore regrettable that official development assistance (ODA) from countries members of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) had declined as a percentage of GNP of donor countries, with the performance of some of the major donor countries being especially disappointing. Each developed country should adopt a time-bound programme to fulfil the internationally agreed target for ODA, while improving the quality of such assistance through untying and widening the scope of programme lending and local expenditure financing.

40. Given its continuing instability, a fundamental reform of the international monetary system was becoming increasingly necessary. Further, increased allocations of special drawing rights (SDRs), and a link between the creation of SDRs and development finance, would, he believed, serve to activate idle capacity in developed countries and also help to promote development in the poorer countries. An increase in the share of SDRs as a reserve asset would also help to regulate the growth of world liquidity. Co-operative action on international financing arrangements would not be complete without measures to support the efforts of developing countries to sustain exports of processed products and manufactured goods. A crucial area in this connexion was the financing of export credits.

41. In conclusion, he said that, while joint action was necessary on all these issues, on the basis of shared responsibility, his delegation also attached the highest priority to economic co-operation among developing countries. Such co-operation was not only an effective means of insulating developing countries from excessive fluctuations in the world economy, it could also lead to a pooling of experience, skills and capabilities to mutual advantage. He mentioned the recently concluded Conference of ESCAP Trade Ministers which had endorsed a blueprint for trade expansion within the region, and the similar decisions taken by the Ministerial Meeting of the Co-ordinating Bureau of Non-Aligned Countries held at Havana from 15 to 20 May 1978 (see A/33/118) hoped that the current United Nations Conference on Technical Co-operation among Developing Countries would make recommendations which could form part of a plan of action in this field, and expressed the belief that at the fifth session of the Conference (UNCTAD V) comprehensive guidelines for the evolution of concrete schemes for co-operation among developing countries should be drawn up. The International Trade Centre UNCTAD/GATT could also be used to advantage in promoting such co-operation.

42. The representative of another developing country said that it had been recognized that the topic of interdependence represented a synthesis of the urgent problems of current international economic relations. Unilateral measures affecting countries which were unable to react to them were inconsistent with the efforts of the international community to establish a new international economic order based, inter alia, on equality and genuine global interdependence.

43. He recalled that the Board, in resolution 144 (XVI), had decided to maintain the topic on the agenda of its regular sessions and that the Secretary-General should keep the problems of interdependence under continuous review. At the fourteenth session of the Board, a number of delegations, including his own, had submitted a draft resolution on this subject (TD/B/L.360), which was still before the Board (see annex IV, sect. B, below). It was surprising that, although the importance of the subject of interdependence was generally recognized, so little had been done of any importance. Discussions both in UNCTAD and in other forums had been largely inconclusive and limited to reviews of events in the global economy coupled with futile assessments of the future prospects for the developing countries' economies. What was needed was a co-ordinated approach which would take account of the intricate link between actions in one field and changes in others, as well as of measures in one country and their effect on others - rather than segmented approaches to key problems. The developing countries had been the most unfortunate victims of the result of lack of action in this regard, and their domestic development plans were suffering from the unfavourable effects of monetary instability and world inflation. The time had now come to inject a sense of urgency and co-ordination into the approach to the important issue of interdependence. He therefore welcomed the inclusion of the subject on the agenda of UNCTAD V. He added that recent studies by the secretariat tended to stress the problems of non-oil exporting developing countries.

44. The representative of another developing country emphasized that the perpetuation of underdevelopment, the widening of the gaps between States, the existence of the monetary and energy crisis and increased protectionism had all led to an uncertain situation in the world economy and a sharpening of the contradictions in international relations. In his view, the only realistic means of overcoming the crisis and ensuring the well-balanced and harmonious development of the world economy involved a radical elimination of the old relations of inequality and inequity between States, coupled with an adjustment of the international principles and mechanisms of co-operation established 30 years previously to contemporary realities and to the need to build a better world for all peoples. With this in view, it was necessary to further strengthen UNCTAD's co-operation with GATT, IMF, the World Bank and all other relevant international organizations, as a common analysis of the problems of trade, development finance and the international monetary system would lead to an identification of better solutions to the problems which each dealt with individually.

45. The representative of another developing country stressed the need for urgent action at the world level that would embrace fundamental structural changes. Interdependence was a reality since the problems facing world trade could not be resolved independently of international monetary fluctuations, competitive devaluations, increasing protectionism and unresolved problems relating to debt. He drew special attention to the problem of increased protectionism, which was not a transitory phenomenon. Non-tariff measures were becoming more common as protectionism in industrialized countries frequently took the form of domestic subsidies to internationally non-competitive industries. As with voluntary export restraints, these measures were outside the control of GATT, and provided proof that the international commercial system did not function satisfactorily. Such protectionism, he believed, not only reduced the export earnings of developing

countries, but also aggravated their balance-of-payments problems and introduced uncertainty into young export-oriented industrial sectors. In conclusion, he welcomed the debt relief offered to the least developed among the developing countries by certain developed market-economy countries. He felt, however, that this was a measure of limited scope. In his view, the debt problem was broader in nature and developing countries would be better off to face their debt problems, to the extent that trade issues were resolved.

46. The representative of another developing country stressed the importance of the concept of interdependence, which covered not only the interdependence of national economies, but also the interdependence of the international trade, finance and monetary sectors. The world was aware not only of the gravity of the present economic crisis, but also that the crisis would worsen in the future. The approach adopted in attempting to resolve this crisis, he believed, should not be fragmentary but one which sought radical solutions in many interdependent areas. He drew attention to the views of developing countries as to the appropriate restructuring of the world economy which had been expressed in the resolutions adopted at the sixth and seventh special sessions of the General Assembly, and expressed disappointment at the efforts so far made by developed countries to contribute to the attainment of the objectives of the new international economic order.

47. He added that, given the complex nature of world economic relations, individual countries or groups of countries could not alone resolve the world economic crisis. The fact that developing countries did not participate in many negotiations meant that their interests could not be borne in mind. He said that the Board should adopt the proposal made by the African Group at the first part of the fourteenth session (TD/B/L.360) to the effect that there should be a high-level Standing Committee to study, review and formulate recommendations concerning issues of particular interest to developing countries in the international trade, monetary issues and development finance spheres. Any such activities should, in his view, be undertaken in consultation with GATT and the IMF.

48. The representative of another developing country stated that his delegation would co-operate in any common and co-ordinated action to restructure the present unworkable system of economic relations with respect to money, trade and finance. He noted that in paragraph 7 of resolution 84 (III), the Conference had urged that "problems in the monetary, trade and finance spheres should be resolved in a co-ordinated manner, taking into account their interdependence, with the full participation of developed and developing countries" and had requested the Secretary-General of UNCTAD "to consult the Managing Director of the International Monetary Fund and the Director-General of GATT and to report to the Trade and Development Board at its twelfth session, with a view to enabling the Board to consider the ways in which this co-ordination could be effected". Six years had passed since the adoption of that resolution and the situation had deteriorated. The reasons for this were not clear: perhaps there was a lack of interest on the part of the world community, or a lack of will on the part of the United Nations system. Or perhaps it was the fault of the transnational corporations, which already controlled production and distribution and probably also controlled money and finance as well. The profile of the world economic crisis as presented by the UNCTAD secretariat might well be just the symptoms of the crisis rather than its causes. If this was so, it was doubtful whether UNCTAD V would be able to bring about a successful restructuring of world economic relations.

49. The representative of another developing country said that all countries were interdependent partners in a game in which they must respect the rules: movement by any one of them had a repercussion on the others. The ground rules governing the international economy had been established in the post-war period, but by a different set of partners. Now that the partners in the game had changed, so too must the rules change if a new international economic order was to be instituted.

50. Drawing attention to the rapid increase in prices of manufactured goods relative to those of raw materials, he expressed disappointment with the lack of progress in the negotiations on the Common Fund. He added that if non-oil producing developing countries had suffered from the increase in the price of petroleum, it was above all because developed countries had modified the price of their exports of manufactured goods to take account of this increase.

51. It was clear that, to resolve world economic problems, it was necessary to adopt long-term solutions which took account of the interdependence of countries, while modifying the rules of the international economy. His delegation accordingly believed that the Board should request the Secretary-General of UNCTAD to initiate a study of the implications, for the new international economic order, of delays in the negotiations on specific issues owing to the interdependent nature of the issues under negotiations.

52. The representative of China said that, since the last session of the Board, the main trend in the international situation could be characterized as good. The struggle against aggression, intervention, subversion and control by the super-Powers had intensified, and that, persevering in the principles of the Declaration and the Programme of Action on the Establishment of a New International Economic Order, the third world countries had maintained unity and co-operation and had waged a relentless struggle to safeguard their national independence and national economic rights and interests, in defiance of the brutal forces of the super-Powers. He noted that various producer organizations were being consolidated, and their integration was increasing, and that a conference on the establishment of a Council of Producers' Associations had been successfully held in Geneva in April 1978. This would help to protect the purchasing power of the export earnings of developing countries, and enable them to exchange experience and co-ordinate their positions. Organizations for regional economic co-operation in Asia, Africa and Latin America, he noted, were continuously being strengthened and playing an increasingly important role in promoting economic development and trade relations among member countries, and in resisting infiltration and expansion by the super-Powers. In this context, he stated that the Declaration and Programme of Action adopted by the recent Ministerial Meeting of Non-aligned Countries pointed out that the non-aligned movement, as an independent and dynamic force, actively involved itself in the struggle against imperialism, expansionism, new and old colonialism and racism, and in the struggle against exploitation, power politics, all forms of foreign domination and hegemonism. This Declaration and Programme of Action had called upon member States to unite and strengthen co-operation in an effort to establish the new international economic order. He recalled that at their fifteenth Assembly the Heads of State and Government of the Organization of African Unity reiterated the determination to thoroughly liberate the African peoples, and had condemned foreign intervention. That Assembly had also adopted positive resolutions on economic problems, including those intended to give impetus to negotiations on the Common Fund

and international commodity agreements (see A/32/310). He emphasized that, in the past few years, while endeavouring to destroy the old and establish the new international economic order, many third world countries had achieved great successes in their national economic development and foreign trade mainly by their own efforts.

53. He also called attention to the contention between the two super-Powers in the political, military and economic fields and their obdurate rejection of even the slightest changes in the old international economic order. One super-Power wanted to protect its privileges and vested interests, while the other was bent on unbridled expansion and infiltration, and was taking the offensive in an attempt to supplant its adversary and seek world hegemony. The latter, behind the signboard of friendly co-operation with the developing countries was plundering the natural resources of the third world countries, especially strategic raw materials, to meet the needs of its arms expansion and war preparation, thus turning other countries into its source of supplies for raw materials, and into export markets for its manufactured goods. At the same time, this super-Power spared no effort in controlling certain energy supply lines at sea so as to strangle some developed countries economically. However, some of the second world countries were becoming more and more aware of its scheme and were taking precautionary measures.

54. He recalled that the negotiations on the Common Fund were tentatively scheduled to resume in November. In order to lay a good foundation for the negotiations, it was imperative to organize consultations and co-ordinate positions with a view to narrowing down differences. The implementation of the Integrated Programme for Commodities would not only bring benefits to the developing countries by way of their exports of primary commodities, but also help the developed countries, especially the Western European countries, to secure their supplies of raw materials.

55. The ever-worsening debt burden of developing countries was another outstanding issue in economic relations between developing and developed countries. At the third (Ministerial) part of the ninth special session of the Board, certain agreements had been reached on the reduction or cancellation of debts owed by the least developed countries. However, more effective measures should be taken to alleviate the burden of these countries.

56. He noted that a number of second world countries had shown a positive attitude in the dialogue with the third world, with some expressing their support for an early resumption of the Common Fund negotiations, and others declaring their decisions to cancel the official debts owed to them by some developing countries.

57. At present, the various negotiations on the establishment of the new international economic order were tending towards deadlock. The terms of trade of many developing countries were deteriorating, the purchasing power of their export earnings decreasing and their trade deficits increasing, and the economic crises and monetary disorder in the Western countries had subjected these countries to considerable losses. Protectionism had made market access for their products even more difficult. In such circumstances, the transformation of the old international economic order was urgently necessary. In considering the provisional agenda for UNCTAD V, the objective should be the implementation of the principles of the

Declaration and Programme of Action adopted by the General Assembly at its sixth special session. He noted that Board resolution 154 (XVII) stipulated that the Conference should have a selective agenda, so that the fifth session of UNCTAD might devote itself to solving the major international economic and trade issues.

58. In conclusion, he rejected certain slanderous remarks made about China during the Board's consideration of agenda item 6 (d) on trade and economic aspects of disarmament (see chap. V, sect. D, below). In this context, he pointed to various aspects of the recent economic, foreign, and military policy of the Soviet Union.

59. The representative of the USSR, speaking at a later stage in the discussion in exercise of the right of reply, rejected the allegations of the representative of China.

60. The spokesman for the European Economic Community drew the attention of the Board to the evaluation of interdependence and the proposals on policies to be followed to improve the functioning of the world economy which had been submitted by the Community to the Committee of the Whole established under General Assembly resolution 32/174 at its first session (A/AC.191/18). The conclusion of that study he said, had been that all countries stood to gain from a return to a more rapid and steady growth in the world economy which could be achieved provided that each country or group of countries was prepared to submit to the discipline of interdependence. Improvements of all sectors of the world economy depended upon the common efforts of all countries, and it was in that spirit that the members of the Community had adopted at their Bremen meeting in July 1978 a common plan of action to increase economic growth in Europe which included the expansion of international trade and the achievement of greater monetary stability. At that meeting, the Council of Ministers of the Community had also explicitly affirmed its intention to make progress in the North-South dialogue, both by a better integration of developing countries in international trade, and by increased development assistance on a world scale. The members of the Community were well qualified to participate in working out policies appropriate for an interdependent world economy in view of the fact that they were among the world's major trading nations with experience in restructuring their own economies and in close co-operation with many developing country partners.

61. The representative of a socialist country of Eastern Europe expressed satisfaction at the importance now attached by the Board to the consideration of problems of trade, development finance and the international monetary system in a complex manner, i.e., the item on interdependence. His delegation from the very beginning had supported this line in the activities of UNCTAD. That did not mean, however, that it was prepared to agree with the use in UNCTAD of the term "interdependence" for absolutely different purposes. He was resolutely opposed to the suggestions made during the discussion to consider in UNCTAD not the interdependence of issues but the interdependence of States, which was sometimes also termed "global interdependence". None denied various links between States, but one must be careful about drawing political conclusions or practical recommendations from this. Certain delegations gave the impression that, since a "global interdependence" meant that everything in the world economy was interrelated, it suggested a kind of

solidary responsibility of everyone for everything. In the present situation, solidary responsibility related in particular to the ways and means of overcoming the crisis and its consequences in the world capitalist economy.

62. The history of the 1970s had shown how upheavals in the capitalist world economy had nullified the plans and hopes of some, whilst at the same time allowing others to enrich themselves, to consolidate their economic position, and to impose their will in pursuit of their own interests. In this context, he referred to the coexistence in capitalist countries of the highest rates of unemployment since the war and unprecedented levels of monopoly profits. At the same time he noted that the already difficult situation in many developing countries was being aggravated, whilst, according to documents prepared by the UNCTAD secretariat, there was a rapidly expanding flow of private capital into these countries. He said that this activity resulted in a rapidly growing outflow of resources, noting that the normal rate of profit on investments by Western companies in developing countries had now reached 25 per cent, twice as high as that on investments in capitalist economies.

63. He emphasized that the socialist countries of Eastern Europe were in no way responsible for the shocks in the world capitalist economy, though they had not been left unscathed. He also suggested that the losses from such shocks must be compensated by those who were to blame in world economic matters. In contrast to that of the capitalist world, the development of the socialist countries had followed a steady course, with substantial increases in national production and national income of the countries members of the Council for Mutual Economic Assistance (CMEA). He observed that the steady development of economic co-operation by socialist countries of Eastern Europe with both developed capitalist countries and developing countries had acted as an important stabilizing factor, and that insufficient attention had been paid to this fact in the secretariat report (TD/B/712).

64. He added that the present problems afflicting the capitalist world stemmed from the cyclical character of its development. But there were also non-cyclical factors, one of the most important among which was the armaments race, to whose harmful effect on economic development UNCTAD gave insufficient attention. He referred to the reduction in the resources available for international co-operation which resulted from rising armaments expenditure and felt that UNCTAD should lend its weight to the struggle for disarmament.

65. He also said that the global operations of transnational corporations had been an important destabilizing factor in the economy of the capitalist world during the 1970s. This had reached the stage where such corporations were now responsible for 40 per cent of the industrial production and 60 per cent of the foreign trade of capitalist countries, thus making it possible for them to impose their own new international economic order. Another destabilizing factor was protectionism. The strengthening of protectionist measures in Western countries associated with increasing inflation had affected the commercial interests of all countries and should be systematically studied by UNCTAD. Special procedures could perhaps be worked out within the framework of UNCTAD to be used by countries to defend their interests against protectionism. Protectionism was often accompanied by commercial discrimination, which was evident, in particular, in East-West trade. This was why his delegation was anxious that all problems affecting international trade, especially the elimination of commercial discrimination and artificial barriers, should be examined in the framework of UNCTAD in such a way that account be taken of the interests of all countries. He also noted that the difficulties of developing

countries resulting from the current crisis were considered by certain quarters as a convenient pretext for halting the process of economic decolonization and for slowing down the restructuring of international economic relations. Yet another destabilizing factor was the crisis of the capitalist monetary system, and UNCTAD should concern itself with matters of monetary policy.

66. In conclusion, he said that a healthy political atmosphere was essential if the grave problems facing humanity were to be solved. Thus, détente, halting armaments expenditure, disarmament, and opposition to attempts to complicate the world political atmosphere, could not be dissociated from efforts to facilitate restructuring of international economic relations on the basis of justice and equality. In this context, he referred to the statement made by the General Secretary of the Communist Party of the Soviet Union, Mr. L.I. Brezhnev, who had stressed the importance of a just, democratic and truly universal peace which would be in the interest of all and at the same time in the interest of each.

67. The representative of another socialist country of Eastern Europe said that the issue of interdependence should not only be kept under review within the context of the Board's sessions, but should also constitute an important subject for discussion at the fifth session of UNCTAD. A global approach to the economic issues confronting the world today was necessary to appreciate the complexity of international economic problems that required solution. Interdependence linked problems of international economic relations with those of national development. Sometimes, however, within the context of the debate on a new international economic order, this vital link was missing. But, while none should neglect the importance of external conditions for the economic advancement of the less privileged nations, too much stress on this issue could lead to even greater dependence on the external environment within which developing nations operated, and to neglect of the need for mobilization of the internal efforts and resources indispensable for greater independence.

68. There appeared to be a shift in emphasis in the developing countries' quest for restructuring international economic relations, as at present, under the impact of the severe recession in the world capitalist economy, countercyclical measures seemed to emerge as the main props of the new economic order. This new emphasis might be to the detriment of structural transformation in the international division of labour and of the question of the sovereignty over national resources and economic policy. UNCTAD, the universal world forum for debating global issues of trade and development had, under General Assembly resolution 1995 (XIX), the task of considering world trade problems in their totality, taking into account all facets, including that of trade and economic co-operation between countries having different economic and social systems. In this latter respect, both trade between socialist and developing countries and that between East and West should be clearly recognized as falling within UNCTAD's competence. He noted that his country's present difficulties in the expansion of its exports to the developed market-economy countries, owing to the generally low level of their economic activity and also a reluctance to undertake the necessary structural adjustments, would certainly affect somewhat its economic relations with developing countries.

69. Détente, disarmament and peaceful coexistence were necessary for the resolution of world economic problems; the linkage between détente and economic development also reflected the intricate issues of interdependence in the contemporary world. Interdependence implied a community of interests between socialist and developing countries in changing the rules of the game of the "old order" that had been

established after the Second World War without taking into consideration the legitimate aspirations of the newly emerging nations and countries that had embarked upon the new socialist path of political and economic development. Such a community of interests was all the more obvious in view of the protectionist measures that constituted the answer of the developed market-economy countries to the need for structural adjustment. Protectionism did not represent an answer to the need for structural adjustment reflecting the changing nature of the international division of labour.

70. In conclusion, he stressed that there was a real danger that, notwithstanding all the discussions on a new economic order in various forums, new rules of the game were covertly being laid down by the transnational corporations. Such a new multinational order must be resisted by all means. He pointed to the expansion of trade and economic co-operation between socialist and developing countries on the basis of mutual benefit as one way of achieving this aim. He considered this "aid through trade" approach a more beneficial alternative to pure financial transfers which in any case would be difficult to effect for a country like his.

71. The representative of another socialist country of Eastern Europe shared the view that UNCTAD was the appropriate forum for discussing the issue of interdependence. The documents prepared by the UNCTAD secretariat indicated that the perpetual crisis of the capitalist economic system had negative repercussions for international economic relations, particularly in the area of trade and finance. He regretted that, in spite of claims to the contrary, protectionism was becoming more and more an integral part of the commercial policy of the industrialized capitalist countries. Therefore, it was necessary to concentrate efforts on the elimination of discrimination in and all artificial obstacles to world trade. The issue of protectionism must thus accordingly find an adequate place in UNCTAD's activities.

72. At present, there appeared to be a close interdependence between the trade and the monetary crises. What was necessary was a fundamental transformation of the international monetary system, and not partial modifications. It was the developing countries which were gravely affected by the world economic crisis which had developed in the capitalist world. It was necessary to analyse, in particular, all facets of the repatriation of profits from developing countries, and to identify measures to prevent such practices, notably those employed by transnational corporations. Unlike the situation in the capitalist world, the socialist countries of Eastern Europe had developed their economies in a stable and continuous manner. Referring to "global interdependence", he said it was clear that the responsibility of industrialized capitalist States for the world capitalist crisis, as well as for the difficult situation in the developing countries, had to be underlined.

73. In conclusion, he observed that, in speaking of interdependence, it was necessary to stress the relationships between détente, international security and disarmament, on the one hand, and questions of development and international co-operation, on the other. This meant that it was not sufficient to approach questions relating to interdependence simply from an economic point of view.

74. The representative of another socialist country of Eastern Europe made the point that developing countries were the most seriously affected by the difficulties facing the world economy. He went on to say that transnational corporations accentuated the instability and inequity of capitalist economic development while

creating new and unacceptable economic and political contradictions. The nature of the international capitalist division of labour, as well as the remaining dominance of international monopolistic capital in the most important economic sectors were the main reasons for the difficulties experienced by the developing countries while endeavouring to overcome their economic backwardness. The struggle of the transnational corporations for the possession of natural resources and the seizure of zones of influence, especially in the developing countries, became particularly fierce in conditions of crisis.

75. He added that the developing countries that had achieved good results in their economic and social development were those which had given their preference to the development of State sectors of their national economies, which abandoned backward forms of agriculture, pursued the policy of nationalization of foreign enterprises, exercised sovereignty over their natural resources and trained their own personnel in an active way. The practice of recent years testified that respect for these principles enabled developing countries to withstand the onslaught of monopolistic capital and to struggle for equal economic relations. UNCTAD should contribute more actively to assisting these countries in the defence of their interests and in achieving their economic and political independence.

76. The representative of another socialist country of Eastern Europe pointed out that interdependence required a complex approach: on the one hand, serious and deep consideration of actual problems and, on the other, thorough analysis not only of separate economic phenomena and tendencies but of their correlation and mutual influence. He said that it was not possible to replace the interdependence of certain admittedly important aspects of international economic relations by an "interdependence of States".

77. The different economic and social systems in existence were developing according to their own laws, but it was at the roots of the capitalist system that one found the causes of the world economic crisis. Thus, the socialist countries' economies grew progressively and served as a stabilizing element in the crisis and depressions of the present decade. This fact, unfortunately, was not sufficiently recognized by the UNCTAD secretariat. To prove the dynamic economic growth of the socialist economies, he cited the example of his country which, on the eve of the 60th anniversary of its creation, and having adopted a new constitution, had achieved new success in all aspects of its life, its economic potential having doubled every seven years in recent decades. He also drew attention to the need for UNCTAD to undertake further serious work on protectionism and the elimination of trade discrimination and obstacles. In conclusion, he rejected certain allegations and false statements made with regard to socialist countries by one delegation.

78. The representative of Mongolia said that the growing disruption and permanent crises of the world capitalist economy could not fail to have adverse consequences for the developing countries through inflation, increasing indebtedness and a return to protectionism. The reason for these gloomy trends could be found in the roots of the market-economy system and its mechanisms. The socialist countries bore no responsibility for the consequences of the market-economy system and his delegation could not accept an interpretation of interdependence which ignored the existence of two distinct social and economic systems in the world.

79. His delegation was in favour of the eradication of all forms of inequality and discrimination from international trade practices. To this end it was essential to fully implement the important principles of the Declaration on the Establishment of a New International Economic Order and the Charter of Economic Rights and Duties of States. He expressed the opinion that international monopolist circles and chauvinistic forces had no desire to meet the just demands of the majority of States, which favoured the decolonization of international economic relations. He also said that social and economic progress could not take place without favourable political conditions. He added that success in the struggle to improve the world political climate and achieve total disarmament would free vast financial and human resources at present wasted on arms for use in development.

80. He drew attention to General Assembly resolution 32/179 on the role of the public sector in promoting the economic development of developing countries. The General Assembly in that resolution had requested the Secretary-General of the United Nations to prepare reports on the role of the public sector, paying particular attention, *inter alia*, to the role of public sector in the expansion of the share of developing countries in international trade, including the improvement of their export and import capacity and balance of payments. The Economic and Social Council, in its resolution 1978/60, had requested the various organs of the United Nations system to contribute to the implementation of General Assembly resolution 32/179. In this connexion, he stressed that UNCTAD should pay special attention to the role and importance of the public sector in the diversification of international trade. It would be advisable for the Board at its present session to invite the Secretary-General of UNCTAD to prepare a special report, dealing in particular with UNCTAD's contribution towards expanding the planned export capacity and foreign trade of developing countries. It was also to be hoped, he added, that the fifth session of UNCTAD would throw light on the positive role played by the public sector in developing countries.

81. The spokesman for Group B said that in the view of his Group the economic development of the world was the shared responsibility of all countries. Group B recognized, and indeed welcomed, a plurality of economic and social structures: this was a factor that, given the diversity of nations and situations represented at the Board, was only to be expected. Against this background, he was disturbed by the statements made by a number of Group D countries to the effect that the development of the less developed world was not their responsibility because the problems of development were caused by the policies of the open market-economy countries. It was strange to hear such assertions from the Group D countries, when it was the countries of the open-market system which provided the overwhelming share of official development assistance, allowed more access to their domestic markets than any Group D country and provided convertible currencies for use by the less developed countries as they desired. By divorcing themselves from these issues in the debate on interdependence, he added, the Group D countries were attempting to evade their responsibilities for the development of the less developed world.

82. Furthermore, in the view of Group B, UNCTAD was not the appropriate forum to debate East-West relations, as they had made clear in the discussions at the present session under agenda item 3. 7/ In conclusion, he said that, if UNCTAD V was to have a realistic and therefore effective debate on economic development and

7/ For an account of the Board's discussions under agenda item 3, which took place in Sessional Committee II, see chapter II below.

interdependence, it must try to focus on the ways in which all countries could work together to improve the world economic system and to mobilize the resources needed for the purpose of developing the less developed and poor countries.

83. In response, the representative of one socialist country of Eastern Europe said that the position of the Group D countries was well known on the question of responsibility for the development of developing countries. There was no doubt where the historical responsibility lay. As far as the present problems of the developing countries and the world economy were concerned, in respect, for example, of the monetary system, inflation, protectionism and the unsatisfactory state of international economic relations in general, the responsibility clearly lay with a group of countries concentrated in Group B. He added that no transnational corporations existed in Group D countries.

84. As the history of UNCTAD showed, Group D had always participated in the solution of the problems of world economic development, particularly those of the developing countries. It considered, however, that the questions of relations between the members of Group D and the developing countries were a part of general economic relations and should not be dealt with in isolation.

85. The representative of another socialist country of Eastern Europe added that it was surprising that Group B, which so much stressed the concept of interdependence, wished to confine discussion of the East-West sector of international trade to another forum. His country had always considered UNCTAD as a universal forum in which world trade in all its flows should be discussed.

86. The representative of the Patriotic Front (Zimbabwe), invited to participate in the session as an observer in accordance with General Assembly resolution 3280 (XXIX), welcomed the invitation to participate in the work of the Board for three reasons. First, his movement was aware of the importance of trade and development for the well-being of people of all nations and for the promotion of the maintenance of peace and security in the world. Secondly, he represented a liberation movement fighting a régime which for the past 12 years had been the subject of trade sanctions by the United Nations. Thirdly, the days of the illegal occupation of his country by British settlers were numbered, and Zimbabwe would need the assistance of the United Nations and friendly nations to reconstruct its economy now being plundered and ravaged by British settlers and their transnational corporations.

87. The observer for the International Chamber of Commerce said that one of the major effects of the North-South dialogue had been to explode the myth that the world was divided sharply into a rich northern hemisphere and a poor south. It was now better appreciated that the world's nations lay along a very broad spectrum of varying development levels; the reality was one of an interdependent world in which nations would only progress in concert and in co-operation. The developing countries which had achieved the greatest strides in economic development were generally those which had adopted the most constructive policies towards business enterprise and which had sought to integrate themselves into the world economy. The challenge

which economic development raised could only be faced through co-operative action between government and business, both at the national level and within international organizations, in particular UNCTAD. This called for an imaginative approach and for the establishment of new modalities of co-operation between the public and private sectors. In this connexion, he reaffirmed that the International Chamber of Commerce stood ready to support any initiatives which UNCTAD might wish to take to foster such increased collaboration.

88. At the 509th meeting of the Board, on 15 September 1978, the representative of a developing country said that since the issue of interdependence would be on the agenda of the fifth session of UNCTAD, the secretariat should prepare a report evaluating the impact on the world economy, in particular the developing countries, of failure by the developed countries to grant substantial concessions in those areas which were fundamental with respect to bringing about the necessary structural changes in the world economy with a view to establishing a new international economic order. It was well known that the import capacity of developing countries was a function of their export capacity, but prices of their raw materials exports had grown less rapidly than their imports of manufactures and capital. At present, some developing countries were in a position to export manufactured or semi-manufactured goods. Given these and other recent trends in the world economy, in particular as regards development financing, and the increase in the external debt of the developing countries, together with the breakdown of the international monetary system, the secretariat should also prepare a study placing particular emphasis on the interdependence of the following factors: commodity prices; access to the markets of developed countries of manufactures and semi-manufactures from developing countries; problems of development financing; the external debt of the developing countries; and the international monetary system.

Action by the Board

89. At the same meeting, the Board decided to defer consideration of the draft resolution before it on the subject of interdependence (TD/B/L.360) until its next (nineteenth) regular session (see annex IV below, sect. B). It also decided that it would maintain this item on the agenda of its regular sessions.

CHAPTER II

TRADE RELATIONS AMONG COUNTRIES HAVING DIFFERENT ECONOMIC AND SOCIAL SYSTEMS

(Agenda item 3)

90. For its consideration of this item, the Board had before it a report by the UNCTAD secretariat entitled "Review of trends and policies in trade between countries having different economic and social systems" (TD/B/708), together with a "Statistical review of trade among countries having different economic and social systems" (TD/B/708/Add.1).

91. The Board also had before it the report of the Intergovernmental Group of Experts on Trade Opportunities resulting from Multilateral Schemes of Countries Members of CMEA (TD/B/680) and the report of the Intergovernmental Group of Experts to Study a Multilateral System of Payments between Socialist Countries of Eastern Europe and Developing Countries (TD/B/683). Other relevant documentation prepared by the UNCTAD secretariat was also available, in particular "World Economic Outlook 1978-1979" (TD/B/712/Add.1 and Add.1/Supp.1).

92. At its 497th meeting, on 29 August 1978, the Board decided to refer agenda item 3 to Sessional Committee II for consideration and report (see chap. VII, sect. C, below).

Consideration in Sessional Committee II

93. Opening the discussion and introducing the relevant documentation prepared by the UNCTAD secretariat, the representative of the Secretary-General of UNCTAD reviewed the recent expansion in trade of the socialist countries of Eastern Europe with both developing countries and developed market-economy countries. He said that this expansion had resulted from the joint efforts of the partners concerned and reflected their growing interest in having mutual trade and economic relations further intensified and diversified. Growing industrial co-operation, compensatory arrangements, joint ventures and other new forms of co-operation which were being applied on a larger scale by interested member countries were now playing an increasing role in the utilization of new opportunities for ever-growing mutual trade. In this connexion he mentioned that, in addition to the wider use of long-term intergovernmental agreements - in some cases covering periods up to 15-20 years - a number of large-scale contracts valued at more than \$US 1 billion each had recently been concluded. Co-operation had begun in a number of new branches of the economies of the partners concerned. The positive developments in trade among countries having different economic and social systems had been achieved mainly through bilateral efforts; at the same time, various forms of multilateral co-operation among interested countries had been emerging in recent years. All these developments, especially when applied on a comprehensive basis embracing co-operation in trade, industry, payments and credit arrangements, transfer of technology, etc., could be expected to maintain the steady growth of the mutual trade of these countries. In this connexion, it seemed necessary that developing countries and socialist countries of Eastern Europe undertake concerted measures designed to open up new trade opportunities on both sides. Referring to the developments in East-West trade, in particular to the growing tendency towards protectionism in the developed market-economy countries, he said that the countries participating in East-West trade should intensify their joint and individual efforts in the search for ways and means of bringing about an increase in mutual trade on a more balanced basis. The consideration by the Board of the latest trends and policies in this field might help member countries to ascertain the new tendencies in these

trade flows, and to exchange views on the existing trade possibilities and prospects and the evolving policies of the partner countries conducive to the intensification of mutual relations, thus helping them to further expand and diversify these relations.

94. Referring to the report of the Intergovernmental Group of Experts on Trade Opportunities resulting from Multilateral Schemes of Countries Members of CMEA (TD/B/680), he stated that the views expressed and the suggestions made by the experts from different regional groups could facilitate further consideration of the issue in the framework of UNCTAD and provide the basis for the adoption of recommendations as requested by the Board. Turning to the Intergovernmental Group of Experts to study a Multilateral System of Payments between Socialist Countries of Eastern Europe and Developing Countries, he said that its work was useful and the recommendations elaborated by the Group in its report (TD/B/683) should be implemented by the member countries, in particular the recommendation to continue the endeavours towards multilateralism as well as to establish direct contacts between the payments institutions and experts in the field of payments and to use for this purpose the UNCTAD machinery for bilateral and multilateral consultations and the UNCTAD technical assistance activities.

95. He also pointed out that in the period since the fourth session of the Conference some progress was also noticeable in the efficiency of the machinery set up in UNCTAD to deal with problems of trade among countries having different economic and social systems. In this respect, he mentioned the regular consideration by the Board, intergovernmental groups of experts and seminars, of various aspects of these trade and economic relations and the bilateral and multilateral consultations held by the interested member countries within the framework of the UNCTAD consultative machinery. Through intensified technical co-operation activities, UNCTAD was playing an active role in organizing a number of study tours and practical business missions to socialist countries of Eastern Europe for representatives from various developing countries, their national and/or regional economic organizations, clearing houses, customs services, etc. These activities would continue in the period 1979-1981 through the implementation of the recently elaborated UNCTAD/UNDP interregional and regional project, in the preparation of which the regional commissions, UNDP, the International Trade Centre UNCTAD/GATT and many member countries had made a most valuable contribution. The co-ordination of activities of the secretariat of UNCTAD and the regional commissions on trade with socialist countries of Eastern Europe had also been strengthened. He expressed the hope that member States would make more active use of the existing UNCTAD mechanism in their efforts to intensify trade among countries having different economic and social systems.

96. The representatives of all countries participating in the debate underlined the importance they attached to the expansion of trade and economic relations among countries having different economic and social systems, in particular between developing countries and socialist countries of Eastern Europe. Representatives of Group D countries noted the dynamic development of trade, economic and technical co-operation between the developing countries and the socialist countries of Eastern Europe and the application of diversified forms of co-operation in all these areas. Representatives of all countries appreciated the work done by the two Intergovernmental Groups of Experts which had been held in the fourth quarter of 1977 (see para. 94 above) and expressed support for the further intensification of UNCTAD's technical assistance activities in the development of trade between the developing countries and the socialist countries of Eastern Europe.

97. The documentation prepared by the UNCTAD secretariat was in general welcomed as providing useful background material for the work of the Board and the Sessional Committee. The spokesman for Group B expressed the opinion, however, that the secretariat's description of East-West trade relations, as presented in chapter III of document TD/B/708, was not pertinent to the discussions of Sessional Committee II. The representative of one Group D country said that in future the secretariat should present more detailed information on the obstacles existing in East-West trade.

98. The spokesman for the Group of 77 emphasized that his Group considered trade and economic relations among countries having different economic and social systems, especially between developing countries and socialist countries of Eastern Europe, to be one of the elements which must be developed in order to contribute effectively to the establishment of the new international economic order. In the opinion of his Group, these relations should be strengthened and all obstacles to achieving this result should be eliminated in the interests of the two groups of countries. His Group considered that the work of the Sessional Committee should cover all areas of trade and economic co-operation. He therefore requested the secretariat to modify the wording of this agenda item, for the fifth session of UNCTAD, as follows: "Trade and economic relations among countries having different economic and social systems". The interest of the Group of 77 in this subject was related to trade and economic relations between the socialist countries of Eastern Europe and the developing countries; it was the view of his Group that UNCTAD should devote greater attention to ways and means of expanding trade and economic relations between these two groups of countries. He expressed apprehension that in solving the problems of East-West trade, the importance of expanding trade between socialist countries of Eastern Europe and the developing countries might not be emphasized.

99. Commenting briefly on trends and policies in trade between countries having different economic and social systems, as described in document TD/B/708, he emphasized that the socialist countries' notable economic performance clearly showed that there were many possibilities and potential for expanding their trade and economic co-operation with the developing countries. The Group of 77 appreciated the reported trend to increase exports from developing countries of manufactured and semi-manufactured products and called on the socialist countries of Eastern Europe to intensify efforts to accommodate in all their economic plans all products from the developing countries. His Group also suggested that the socialist countries of Eastern Europe adopt appropriate measures to improve market access, eliminate all tariff and non-tariff barriers, and improve their GSP schemes in favour of developing countries. The Group of 77 welcomed the growth in trade between the socialist countries of Eastern Europe and the developing countries and noted the emphasis given to long-term agreements and contracts and the trend towards a comprehensive approach to mutual trade and economic relations, as well as the policy of promoting balanced trade relations. The Group of 77 also welcomed the fact that payments in convertible currency had progressed and expressed the wish to see this trend continue. However, the Group of 77 emphasized that one of the disturbing features was the fact that the over-all balance of the developing countries in their trade with the socialist countries of Eastern Europe continued to be negative because socialist countries' exports persistently exceeded their imports from developing countries - an unsatisfactory situation which should be corrected.

100. Referring to the role of planning processes in individual socialist countries of Eastern Europe, and their co-ordination with CMEA multilateral schemes, he stressed that trade between socialist countries of Eastern Europe and developing countries could be promoted only if it was made an important component in these plans of multilateral schemes. It was necessary to identify the potential areas for expanding the trade of developing countries in the short-term and long-term plans of socialist countries of Eastern Europe so that all potentials could be fully realized. He said

that a prerequisite for the common endeavour of the two groups of countries was the dissemination of information on development projects and other activities of the socialist countries for which the participation of the developing countries could be secured. The Group of 77 would also welcome clarification as to what special measures had been taken in favour of the least developed among the developing countries. His Group expected that the UNCTAD secretariat would examine the difficulties and problems encountered in this sphere and the appropriate solutions. He also considered that an indication of the areas in which the developing countries had given proof of comparative advantage would provide substantive subjects for debate. In addition, he stressed the importance the Group of 77 attached to the adoption by the socialist countries of Eastern Europe of a policy of multilateralism in their aid to developing countries.

101. Referring to the consultative mechanism of UNCTAD, he thought it would be useful if a fuller evaluation of these consultations could be carried out to see what improvements in the machinery might be required. He expressed the view that these consultations could be separated from the Board meetings and held probably once a year to discuss specific problems of payments, trade, shipping, etc. He further suggested that, in preparing for the fifth session of the Conference, the secretariat should evaluate the various schemes of economic co-operation, the role of bilateral trade, economic and technical co-operation agreements, as well as compensatory agreements between developing countries and the socialist countries of Eastern Europe. These evaluations should also include possible ways of using the Special Fund established within the International Investment Bank for financing programmes of economic and technical assistance to developing countries.

102. Commenting on the reports of the two Intergovernmental Groups of Experts (TD/B/680 and TD/B/683), he stated that the Group of 77 welcomed the conclusions in document TD/B/683 but was of the opinion that the issues had not been dealt with exhaustively and that it was necessary to convene another session of the Intergovernmental Group of Experts to Study a Multilateral System of Payments between Socialist Countries of Eastern Europe and Developing Countries in order to deal fully with the questions relating to payments between the two groups of countries. With regard to the report of the Intergovernmental Group of Experts on Trade Opportunities resulting from Multilateral Schemes of Countries Members of CMEA (TD/B/680), the Group of 77 strongly deplored the fact that it had not been possible to arrive at agreed conclusions at the Intergovernmental Group of Experts and called upon the Group D countries to make a determined effort with a view to finalizing work on the draft recommendations submitted by the Group of 77 and contained in annex I to the Group's report. At the same time, the Group of 77 was appreciative of the very good work done by the Group of Experts and recommended the convening of another session of that Group in order to study further the trade opportunities resulting from the multilateral schemes of countries members of CMEA.

103. The representative of one developing country, while expressing many ideas along the lines of the statement just made on behalf of the Group of 77, in addition proposed that the Board request the preparation by the UNCTAD secretariat of a study on the mechanisms which regulate the foreign trade of the socialist countries of Eastern Europe. He also proposed the creation of national mechanisms by the CMEA member countries which would provide full information on the importing plans of State-trading companies and on the technical standards for imports from the developing countries. In his view, the possibility should be envisaged of implementing joint investment projects in fields of special interest to the developing countries, using the technology and the technical and financial co-operation of the socialist countries of Eastern Europe. Areas for co-operation in the agricultural and industrial sectors should be identified in the developing countries where, with the socialist countries' technical co-operation, a further improvement

of productivity could be obtained. In particular, the socialist countries should provide the necessary financial co-operation for production of goods exportable to the CMEA area. The socialist countries should endeavour in their multilateral schemes to co-operate with the developing countries in the field of scientific and technological research and to create or reinforce research institutes in the developing countries.

104. He invited the Board to make a recommendation to the UNCTAD secretariat calling for further and more extensive information on the appropriate mechanisms to be used in order to benefit from the multilateral schemes of the CMEA member countries. In his opinion, economic and commercial relations between the developing countries and the socialist countries of Eastern Europe were still similar to those existing before the fourth session of the Conference in 1976 and there would be practically no qualitative progress in these relations to report to the Conference at its fifth session in May 1979. Supporting the suggestion made by the Group of 77 to change the title of this agenda item, he said that this would be in agreement with the spirit of Conference resolution 95 (IV) and would provide a more suitable basis for deepening the examination of fields of interest to the developing countries, such as financing, production, investment, infrastructure, technology, services, scientific research and technical co-operation, all of which were of great importance in the establishment of the new international economic order.

105. The representative of another developing country stated that his country had made remarkable efforts to foster its economic relations with the socialist countries of Eastern Europe, adopting important internal measures concerning the practice of the tender system for purchases of the public sector, the opening of credits and financing of imports from socialist countries and the submitting to the socialist countries, for examination, of a number of priority development projects. His country had also signed a number of contracts with some socialist countries of Eastern Europe for carrying out infrastructural and other development projects. He also reported that, within the framework of industrial co-operation with the socialist countries, the private sector of his country was in the process of negotiating the establishment of mixed companies for production in several industrial branches. He said that it was necessary that the socialist countries of Eastern Europe, on their side, should provide appropriate financing of their exports and should also further open their markets to both traditional and manufactured goods of his country. He felt that insufficient knowledge of trade opportunities and commercial practices of socialist countries of Eastern Europe, lack of trade promotional activities on these markets, difficulties in maritime transport and existing preferences for traditional sources of supply were the main obstacles to the development of commercial relations between his country and the socialist countries of Eastern Europe. A recent workshop held in his country, in which governmental officials and business representatives had participated, had recommended the creation of a documentation centre on the economies of socialist countries of Eastern Europe, the establishment of commercial representation in socialist countries, the intensification of contacts at the governmental level and increased participation of his country's private sector in the work of the mixed commissions. The workshop had suggested that study tours in the socialist countries should be organized and specialized consultants should be used in order to improve the knowledge of the main features of these countries.

106. Finally, he expressed the concern of his country about the sales by the socialist countries of Eastern Europe through third countries for convertible currencies without taking into account the existence of trade balances in the clearing accounts. He thought it important to implement recommendations on the multilateral system of payments which had been adopted by the Intergovernmental Group of Experts to Study a Multilateral System of Payments between Socialist Countries of Eastern Europe and Developing Countries.

107. The representatives of the socialist countries of Eastern Europe noted that their economies had been developing at high and stable rates, particularly in view of the crisis phenomena in the developed market-economy countries which involved the growth of unemployment, high-level inflation and monetary disorder. They pointed to the successful development of their own economies as an important factor for a further increase in their trade and economic relations with countries having different economic and social systems. They stressed that trade among countries having different economic and social systems had acquired great importance, both because of its noticeable quantitative increase and because it was a factor for improving the world political climate and furthering world economic and social progress.

108. They reiterated their position that UNCTAD's activities in the area of trade relations among countries having different economic and social systems should be based on General Assembly resolution 1995 (XIX), the Charter of Economic Rights and Duties of States (General Assembly resolution 3281 (XXIX)) and Conference resolutions 15 (II), 53 (III) and 95 (IV). In their view the States members of UNCTAD should strictly observe the principles laid down in these resolutions. In particular, UNCTAD should maintain the principle of universality and consider under this agenda item international trade in all its flows. Group D countries felt strongly that the issues of further promotion of all trade flows, including problems and difficulties arising in the East-West trade flow, should be the subject of particular attention for UNCTAD since there was a close interrelationship between East-West trade and trade between socialist countries of Eastern Europe and developing countries. They described some positive developments in East-West trade, such as the promotion of new forms of co-operation and the conclusion of long-term co-operation programmes for a period of up to 25 years. At the same time, they expressed deep concern at the negative effects of growing protectionism in the developed market-economy countries and the increase in discriminatory trade barriers which were inconsistent with the Final Act of the Helsinki Conference on Security and Co-operation in Europe. They noted that the goods of their countries were confronted on the markets of the developed market-economy countries with complicated import quotas, licensing and anti-dumping rules, so-called "voluntary restrictions" and other trade barriers. Representatives of several socialist countries of Eastern Europe also expressed regret that some developed market-economy countries linked the development of trade with their countries to political conditions, which had nothing to do with promoting trade relations.

109. Referring to recent developments in trade with developing countries, the representatives of the socialist countries of Eastern Europe stated that this flow of trade had been the most dynamic one in their over-all trade. This had been achieved to a great extent through the implementation of measures envisaged in their Joint Statement at the fourth session of the Conference (TD/211). 8/ Developing countries' trade with socialist countries had also increased at much higher rates than their trade with developed market-economy countries. The rapid development of trade with developing countries was attributable to a number of factors, in particular to numerous long-term agreements on trade, economic, scientific and technical co-operation, including agreements for a period of up to 10-15 years; the promotion of stable co-operation through the mechanism of mixed intergovernmental commissions; the introduction of new forms of co-operation, such as various industrial co-operation arrangements, delivery of complex plants and

8/ 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), annex VIII.F.

equipment, tripartite co-operation, and joint ventures. They provided statistical and other information on the latest trends in trade and economic relations with developing countries, in particular on assisting developing countries in the implementation of their national economic and social programmes. Large-scale co-operation projects and complexes in developing countries constructed with the assistance of the socialist countries of Eastern Europe provided, in many cases, for repayment in kind and thus gave rise to an increase in the exports of manufactures from developing countries to socialist countries of Eastern Europe and to other regions of the world. They also emphasized that economic co-operation between their countries and developing countries, in the matter of ownership, management and profits, was different in nature from the economic activities based on private foreign investment which led to the continuation of the exploitation of natural and human resources in developing countries.

110. They referred to the possibilities for the development of economic relations on the basis of co-operation in the sphere of production, which could form a good basis for the establishment of a stable and mutually advantageous division of labour between developing countries and socialist countries of Eastern Europe. They also stressed that the further increase in trade and economic relations between the two groups of countries depended on the developing countries' efforts, in particular, in granting to socialist countries of Eastern Europe trade conditions no less favourable than those which developing countries granted to developed market-economy countries.

111. The representatives of the socialist countries of Eastern Europe made a positive evaluation of the work done by the two Intergovernmental Groups of Experts convened by the Secretary-General of UNCTAD (see para. 94 above), the results of which, in their view, had greatly contributed to the clarification of some new opportunities for the development of trade and economic co-operation between developing countries and socialist countries of Eastern Europe. They noted with satisfaction the results of the Intergovernmental Group of Experts to Study a Multilateral System of Payments between Socialist Countries of Eastern Europe and Developing Countries, which had adopted important recommendations in that field, and they were therefore of the opinion that this Group of Experts had completed its work. At the same time, they expressed their regret that the Intergovernmental Group of Experts on Trade Opportunities resulting from Multilateral Schemes of Countries Members of CMEA had not been able to draw up appropriate recommendations in this field. They noted that the issue in question was completely new for both developing countries and socialist countries of Eastern Europe.

112. A number of these representatives, referring to the tariff preferences in favour of developing countries as a stimulating element in their countries' trade with the developing countries, said that their systems of preferences covered a wide range of goods including manufactures, processed foodstuffs and commodities. Preferences also took into account the export needs of the least developed countries. They noted that the diversification of their trade, including the promotion of manufactured imports, had been one of the main characteristics of their countries' trade with developing countries. Representatives of other socialist countries of Eastern Europe, commenting on recent trends in their payments and credit relations with developing countries, noted that the clearing system arrangements with some of those countries had been replaced by payments in convertible currencies, which had had a positive influence on their mutual trade.

113. The representative of one socialist country of Eastern Europe, describing the experience of his country in promoting trade and economic relations with developing countries, stressed in particular the importance of long-term agreements concluded by his country with many developing countries on trade and economic co-operation. These agreements provided for co-operation in coal mining, metallurgy, engineering, textiles, chemicals, food-processing industry and fishing and other branches of the economy. His country had also concluded long-term agreements on scientific and technical co-operation with 42 developing countries and carried out broad action in training specialists from developing countries. The experience of his country had had a positive effect in promoting industrial co-operation with developing countries which provided for the transfer of know-how and technology. He also referred to the importance of promoting new forms of co-operation, such as tripartite co-operation and joint ventures in trade, production, services and fishing sectors.

114. The representative of another socialist country of Eastern Europe noted that at present his country had agreements on economic and technical co-operation with more than 60 developing countries, and that the volume of this assistance had more than doubled in comparison with 1970. His country had been assisting developing countries in constructing more than 2,400 projects of which 1,124 were in industry. One thousand three hundred and sixty four projects (among them 670 in industry) had already been completed.

115. The representatives of several socialist countries of Eastern Europe commended UNCTAD's technical assistance activities in the field of trade with socialist countries, which they urged should be continued in the period 1979-1981. They expressed their readiness to contribute effectively to the implementation of these activities. They also referred to the importance of the consultative machinery of UNCTAD which contributed to the promotion of trade and economic relations between developing countries and socialist countries of Eastern Europe.

116. Referring to the statement made by the representative of one developing country (see paras. 103-104 above), representatives of various socialist countries of Eastern Europe pointed to the considerable progress achieved since UNCTAD IV in the development of trade and economic relations between developing countries and socialist countries of Eastern Europe. The representative of one socialist country of Eastern Europe said that his country had recently signed 14 agreements on trade, economic, scientific and technical co-operation with the Government of the developing country in question. He also pointed out that the representatives of some of the developing countries tried to apply to the trade of their countries with the socialist countries the same criteria as they applied to the trade relations of their countries with the developed market-economy countries. Representatives of some other socialist countries of Eastern Europe noted that many questions raised by the representative of that developing country had been answered in detail in their general statements, such as questions relating to the functioning of the system of tariff preferences, credit and payment relations, the mechanism of foreign trade of the socialist countries, etc. They pointed out that their countries, as well as other socialist countries of Eastern Europe, did not apply any non-tariff barriers. They also referred to documentation prepared by the UNCTAD secretariat which contained detailed information on some of the issues pin-pointed by the representative of the developing country in question.

117. The spokesman for Group B said that the recovery of the world economy had not come up to expectations, although progress had been made in some areas. It was heartening to note that there was a greater awareness than ever in the international community of the need for all countries and groups of countries to take concerted action and to adopt more coherent and co-ordinated policy measures in order to improve the functioning of the world economy and to promote significant progress towards a

more equitable international economic structure. Having stressed the significance of the numerous factors of global economic interdependence, he expressed the view that the term "interdependence" implied responsibility on the part of all parties in the world economy, whether developed market-economy countries, developed countries with centrally-planned economies or developing countries. He said that it had always been the aim of the Group B countries to increase the flow of real resources to developing countries. At the same time, the Group B countries expressed the wish that the socialist countries of Eastern Europe further strengthen their efforts to do likewise.

118. Commenting on the increase of trade between the developing countries and the socialist countries of Eastern Europe registered in 1977, he noted that this over-all increase was mainly attributable to a much higher rise in exports from socialist countries to developing countries than vice versa. In view of this, the Group B countries considered that there was still need for great effort to overcome this problem of imbalance and to activate further the existing unutilized possibilities.

119. Commenting on the documentation prepared by the secretariat relating to East-West trade, he confirmed the position of Group B that this area was one of the main concerns of the Economic Commission for Europe (ECE), especially of its Committee for the Development of Trade. Referring to the documents on East-West trade and economic relations prepared by the ECE secretariat, he pointed out that they were available not only to member Governments of ECE but also to all United Nations organizations. Group B reiterated its opinion that the work of the UNCTAD secretariat should be limited to the consideration of concepts and practical applications which would promote further development of trade and economic relations between the socialist countries of Eastern Europe and the developing countries. In this context, he expressed the view that the description of East-West trade contained in the documentation prepared by the UNCTAD secretariat was not pertinent to discussions in Sessional Committee II. He added that Group B countries would wish to see a steady increase in the economic relations between the socialist countries of Eastern Europe and the developing countries. This would increase the necessary flow of real resources to the latter, thus ensuring their competitiveness in the world economy.

120. In a subsequent intervention, the spokesman for Group B supported the Group of 77 in its desire to avoid in Sessional Committee II an over-emphasis on East-West trade considerations. He reiterated the Group B position that such considerations were more appropriately dealt with in the Economic Commission for Europe. He cited specific examples of ECE reports on trade development which were available and might be of interest to developing countries.

121. The representative of the Council for Mutual Economic Assistance presented detailed information on the development of the economies of the countries members of CMEA, the intensification of their mutual economic co-operation in the process of implementing the Comprehensive Programme for the Further Extension and Improvement of Co-operation and the Development of Socialist Economic Integration, recent developments in economic co-operation between the CMEA member countries and countries having different economic and social systems, as well as co-operation between CMEA and non-member countries. He stressed the importance of some new forms of mutual co-operation, specifically the Long-term Joint Co-operation Programmes of the CMEA member countries which had recently been approved at the thirty-second session of the Council. He noted that, in fulfilling the above programmes, countries members of CMEA could also be expected to expand their economic relations with countries having different economic and social systems, in particular with developing countries. Describing the development of trade and economic relations between countries members

of CMEA and developing countries, he stressed that this trade flow was the most dynamic sector in the over-all trade of the CMEA member countries. At present, 4,078 industrial and other projects had been, were being, or would be implemented and 2,830 projects had been completed and put into operation.

122. Referring to multilateral relations between countries members of CMEA and developing countries, he said that at its last session the Council had considered favourably the request of Viet Nam concerning its adherence to the CMEA. The Council had also expressed its positive attitude to the interest of the Lao People's Democratic Republic, Angola and Ethiopia in expanding their multilateral and bilateral, economic, scientific and technological co-operation with the CMEA member countries. Describing the implementation of the agreements recently concluded between CMEA and certain developing countries (Iraq and Mexico), he said that CMEA member countries considered the first results achieved in their multilateral relations with those countries to be positive.

123. He expressed the deep concern of the CMEA member countries regarding the growth of protectionism in the developed market-economy countries leading to discrimination against third countries, including the socialist countries. Concerning relations with developed market-economy countries, he described the development of multilateral co-operation between CMEA and one developed market-economy country (Finland) which had a special agreement with CMEA, and mentioned the proposal concerning the conclusion of an agreement between CMEA and the CMEA member countries, on the one hand, and the European Economic Community (EEC) and the EEC member countries, on the other.

124. He expressed the CMEA secretariat's satisfaction at the further strengthening of co-operation between CMEA and UNCTAD, in conformity with the relevant provisions of Conference resolution 95 (IV). He pointed out that CMEA took an active part in the technical assistance activities of UNCTAD, particularly by disseminating information about the activities of CMEA and its experience in economic co-operation with non-member countries and international economic organizations. The CMEA secretariat had contributed to the work of the Intergovernmental Group of Experts on Trade Opportunities resulting from Multilateral Schemes of the Countries Members of CMEA by active participation in the deliberations of the Group and especially by holding very fruitful consultations with the UNCTAD secretariat on relevant issues prior to the meeting of the Group. The issues which had been under consideration by that Group of Experts were not only of great importance but were also of a completely new character and therefore needed further examination. He said that the CMEA secretariat was ready to assist further, within its competence, interested developing countries and the UNCTAD secretariat in clarifying issues related to the development of co-operation on a multilateral basis between developing countries and countries members of CMEA.

125. The representative of the Economic Commission for Europe confirmed that the documentation prepared by the ECE secretariat could be made available to all interested delegations.

126. The spokesman for Group B expressed the sympathy of the countries members of his Group with the desire of the developing countries to expand their trade and economic relations with the socialist countries of Eastern Europe. He shared the apprehension expressed by the Group of 77 that a discussion of East-West trade might over-shadow the discussion of expansion of the trade and economic relations between these two groups of countries. Notwithstanding the comprehensive character of UNCTAD, it should avoid duplication of activities carried out by other United Nations institutions, as mentioned in paragraph 3 of General Assembly resolution 1995 (XIX). He reiterated the view of his Group that the Economic Commission for Europe was the proper forum within the United Nations system for discussion of East-West trade. While recognizing

the validity of the concept of world economic interdependence, he thought that, in the present situation, relations between socialist countries and developing countries were not directly affected by the state of economic relations between East and West.

127. He supported the developing countries' desire to obtain a more systematic flow of information from socialist countries of Eastern Europe on the possibilities for facilitating access to their markets and for improving GSP schemes in favour of developing countries. He also supported the call of the Group of 77 for the socialist countries of Eastern Europe to adopt a policy of greater multilateralism with regard to their aid. His Group also invited the CMEA member countries to increase their aid flows to the developing countries. Finally, he supported the proposal of the Group of 77 in its request to reconvene in the course of 1979 the two Intergovernmental Groups of Experts.

128. The spokesman for Group D, replying on the issues raised by the spokesman for Group B and the spokesman for the Group of 77, stated that the delegations of Group D had clearly shown the serious concern and attention of the Governments of their countries to the development of trade among countries having different economic and social systems. The socialist countries of Eastern Europe had been furthering these relations, taking fully into account the relevant resolutions adopted by the competent bodies within the United Nations system, in particular Conference resolutions 15 (II), 53 (III) and 95 (IV). These resolutions, as well as General Assembly resolution 1995 (XIX), constituted the only basis for UNCTAD activities in this field and should be taken into consideration in their integrity. The socialist countries members of Group D had expressed their views on these issues in their Joint Statement at the fourth session of UNCTAD (TD/211). All their endeavours were always aimed at an active and constructive contribution to this important field of UNCTAD activities.

129. He recalled that the Group D countries had reiterated their firm position that under trade relations among countries having different economic and social systems all trade flows, i.e. trade of socialist countries with both developing countries and developed market-economy countries, should be considered. In the opinion of Group D, the exclusion of a certain part of the tasks assigned to Sessional Committee II and the extension of the work by adding - as proposed - "all areas of economic co-operation" would mean a significant revision of existing resolutions and of the terms of reference on which the work of the Committee was based. He added that any departure from this basis would be in contradiction with General Assembly resolution 1995 (XIX) and would limit the efficiency of measures and policies envisaged to develop trade relations with the developing countries, since it was not possible to deal with one aspect of socialist countries' trade while neglecting their over-all trade policy situation. He also noted that it was not within the competence of the Sessional Committee to modify its terms of reference.

130. With regard to the results of the Intergovernmental Groups of Experts contained in documents TD/B/680 and TD/B/683, he stated that the experts had done very good work and had achieved certain positive results. He felt that the experts from the participating socialist countries had done their utmost to contribute actively and constructively to the work of these Expert Groups. In the opinion of Group D, the Group of Experts which had studied the multilateral system of payments between developing countries and socialist countries of Eastern Europe had completed its work and the implementation of the recommendations adopted by that Group would contribute to the further development of mutually advantageous trade relations between the developing countries and the socialist countries of Eastern Europe. Concerning the Group of Experts on Trade Opportunities resulting from Multilateral Schemes of Countries Members of CMEA, he stressed that the area of activities for that Group had been completely new and unexplored by UNCTAD. Although no consensus on common

recommendations had been reached, a number of ideas and proposals had been drawn up. Group D felt that Sessional Committee II would not be in a position to resolve, instead of and on behalf of the experts, all outstanding issues related to the draft recommendations contained in the annex to the Group's report (TD/B/680).

131. The representative of one socialist country of Eastern Europe disagreed with the view that the socialist countries of Eastern Europe had not made efforts to adopt measures in favour of the least developed countries. He pointed to the experience of his country which had eliminated, within its scheme of generalized preferences, all customs duties for the imports from least developed countries. He questioned also the view expressed by the spokesman for Group B that East-West trade had not had direct bearing on trade and economic relations between developing countries and socialist countries of Eastern Europe. The experience of his country had shown that the increased difficulties which his country had encountered in promoting its trade and economic relations with developed market-economy countries had provoked difficulties in trading with developing countries. In this respect, he shared the concern of the Group of 77 that East-West trade should have no adverse effects on trade and economic relations between developing countries and socialist countries of Eastern Europe and noted that, for this reason, the issues of East-West trade should be fully dealt with under this agenda item.

132. Referring to the statement by the spokesman for the Group of 77, the representative of another socialist country of Eastern Europe said that his country supported Conference resolution 95 (IV) which provided for exploring, by convening the two Intergovernmental Groups of Experts referred to above, new possibilities complementing governmental efforts to promote mutual trade. Multilateral schemes of the CMEA member countries could offer such additional possibilities. He regretted, however, that no particular interest had been apparent on the part of developing countries to co-operate with his country through those schemes. He referred to the possibilities for co-operation between his country and developing countries through multilateral schemes of the CMEA member countries, in particular in the areas of specialization of his country in such fields as coal mining, engineering industry, textiles and fisheries. He stated that, although bilateral endeavours would be of great importance to this effect, his country was prepared to enter into concrete business talks with the interested developing countries on possibilities for co-operation through multilateral schemes in the aforementioned branches.

133. The representative of yet another socialist country of Eastern Europe stated that his delegation could not understand the position of Group B, which constantly objected to the consideration of the issue of East-West trade in UNCTAD, under the pretext that the Economic Commission for Europe would be an appropriate forum for that issue. While not meaning to diminish the role played by ECE in this field, he noted that there had not been any noticeable progress in the deliberations on the issues of East-West trade in that body. Progress had been achieved mainly in resolving technical questions such as licensing and unification of standards - questions which had, of course, been useful - but whenever ECE discussed the trade-policy issues, including growing protectionism in the developed market-economy countries, trade barriers, etc., the representatives of developed market-economy countries had stated that those issues were considered in the course of the multilateral trade negotiations within GATT. He noted that one could believe that the countries of Group B were trying to avoid the examination of East-West trade everywhere. His country was of the view that UNCTAD, as the most representative United Nations body dealing with trade-policy issues, should consider East-West trade relations.

134. The spokesman for the Group of 77, in response to the statements made by the spokesmen for Group B and Group D, stressed that the position of the Group of 77 with regard to trade and economic relations among countries having different economic and social systems had been made very clear in his previous statement. He thanked Group B for supporting the position of the Group of 77. He reiterated the position of his Group that East-West trade should not adversely affect trade between developing countries and socialist countries of Eastern Europe.

135. Referring to the statement by the spokesman for Group D, he said that he would not respond to the first part of that statement dealing with UNCTAD's competence, but he wondered why Group D had difficulties with the proposal to change the wording of the agenda item dealt with in Sessional Committee II so as to cover both trade and economic relations, in view of the fact that the comprehensive approach to these relations had been accepted and practised by the socialist countries of Eastern Europe.

136. The Group of 77 considered that the work of the two Intergovernmental Groups of Experts was not finished. Consequently, his Group proposed the convening of further sessions of the two Intergovernmental Groups of Experts.

137. He then introduced on behalf of the Group of 77 a draft resolution (TD/B(XVIII)/SC.II/L.2 and Corr.1) and described its main provisions.

138. At a subsequent meeting, the spokesman for Group D introduced a draft resolution TD/B(XVIII)/SC.II/L.3), submitted on behalf of the countries members of Group D, and described its main provisions.

139. At the closing meeting, the spokesman for the Group of 77 reiterated his earlier statement to the effect that the work in Sessional Committee II was intended to prepare the work of UNCTAD V on this item. The draft resolution submitted by the Group of 77 (TD/B(XVIII)/SC.II/L.2 and Corr.1) aimed at furthering this preparatory work in specific terms. The draft was based on Conference resolution 95 (IV), on documents prepared for the Board and on the statements made in the course of the work of the Committee, and it was, in his view, objective, balanced and constructive. He expressed the regret of his Group that the draft resolution had not as yet been adopted, all the more so because of the fact that developing countries and socialist countries of Eastern Europe had built up a certain mutual understanding over the years on issues in the field of international economic co-operation; that this degree of understanding had not been reflected in specific positive action in the context of the draft resolution submitted by his Group; that the Intergovernmental Group of Experts on **Trade Opportunities** had failed to agree on specific proposals tabled by the Group of 77 owing to difficulties on the part of Group D; and that in general this recent deplorable trend would in his view have an adverse impact on public opinion in developing countries. However, he hoped that the situation could be jointly salvaged before the Board ended its present session and he called upon Group D to adopt a more flexible attitude. The Group of 77 was prepared, as always, to make its constructive contribution to this work.

140. The spokesman for Group D stated that the countries members of his Group had participated actively and constructively in the work of Sessional Committee II. He pointed to the serious attitude of the governments of the socialist countries towards this important field of UNCTAD activities and noted the remarkable progress achieved in trade relations between the countries of his Group and other regional groups, in particular with developing countries. He reiterated the strong conviction of Group D countries that UNCTAD, as the most universal international body dealing with trade and development, had to strengthen its activities with a view to expanding and diversifying trade among countries having different economic and social systems in all its flows.

He commended highly the results of the bilateral and multilateral consultations held during the present session of the Board and stressed that the socialist countries would appreciate the continuation of this practice in the years to come, both within the framework of the session of the Board as well as outside this framework.

141. The spokesman for Group B pointed out that success in the field under discussion was very much needed as an essential component in the solution of world trade problems, especially in order to improve the economic capacity of the developing countries, and in this respect he noted with concern that not all opportunities had been used in the Sessional Committee to come to conclusive results.

142. Commenting on the need for multilateral action as set forth in Conference resolution 95 (IV), he said that it had always been Group B's position that this resolution was concerned mainly with trade and economic relations between developing countries and socialist countries of Eastern Europe and that the call for multilateral action was primarily addressed to these two groups of countries. He added that UNCTAD and its secretariat should concentrate their time and resources on this aspect of the issue. In his opinion, the statement made at a previous meeting by the spokesman for the Group of 77 (cf. paras. 98-102 above) was in keeping with the letter and spirit of resolution 95 (IV) in calling for practical measures by the socialist countries of Eastern Europe, and he particularly mentioned several points made by the Group of 77 in this respect. He also expressed the support in principle of his Group for the draft resolution submitted by the Group of 77 (TD/B(XVIII)/SC.II/L.2 and Corr.1). Group B regretted that the Sessional Committee was not in a position to give constructive guidance to the work of UNCTAD V on the subject of trade and economic relations among countries having different economic and social systems, but his Group was prepared to contribute to the Chairman's contact group.

143. At its 7th (closing) meeting, on 12 September 1978, Sessional Committee II decided to conclude its work on the understanding that the Chairman's consultations on the draft resolutions submitted by the Group of 77 (TD/B(XVIII)/SC.II/L.2 and Corr.1) and by Group D (TD/B(XVIII)/SC.II/L.5) should continue and that the results of these consultations should be reported by the Chairman of the Committee directly to the Plenary. The Committee also recommended that the two draft resolutions should be annexed to the report (see annex V below).

Consultations on trade and economic relations

144. The Chairman informed the Sessional Committee that, in accordance with Conference resolution 95 (IV), paragraph 10, subparagraphs (a) and (b), and at the request of the countries concerned, the UNCTAD secretariat had so far arranged since the start of the eighteenth session of the Trade and Development Board 28 bilateral consultations between 18 developing countries and 7 socialist countries of Eastern Europe. In addition, a consultation had also taken place between the representative of CMEA and the representative of a developing country. Furthermore, a multilateral consultation had been held during the session between the representatives of a group of developing countries and representatives of the socialist countries of Eastern Europe. The UNCTAD secretariat had participated in the technical preparations for those consultations and had, in certain cases, at the request of the experts concerned, provided concrete assistance.

145. As to the results of those consultations, he informed the Committee that the participating countries had exchanged views on possible ways of intensifying or initiating bilateral trade relations and promoting or extending economic and technical co-operation. In the course of certain consultations, the experts from the socialist countries of Eastern Europe had given information on the different forms of co-operation which they were prepared to initiate with developing countries; several specific examples had been given of agreements of that kind which committed a large number of countries; the discussions had usually related to specific trade questions, and lists of commodities had been exchanged between the experts for transmission to their respective authorities for perusal with a view to possible future action. At the request of one or other of the parties to the consultations, information had been supplied either on the possibilities of concluding new agreements or on ways of extending and reviving existing ones.

146. In some of the discussions, reference had also been made to the lack of information on export and import possibilities, to the insufficient circulation of precise trade information, to the non-existence of a dynamic export policy, to ignorance on both sides of the possibilities of economic co-operation, to the disadvantages to both partners of trade conducted through intermediaries, and to possible ways of overcoming all those difficulties. It was therefore agreed that models of trade or co-operation agreements, publications relating to the organization and functioning of the foreign trade of one or other of the parties to the consultations, as well as specific development projects, should be transmitted subsequently, through the intermediary of UNCTAD or through that of the Chamber of Commerce of the country concerned. Some of the bilateral consultations had also provided an opportunity for considering questions of credit and payments.

147. In addition, attention was given to questions relating to the preparation of visiting trade missions to one or other of the countries participating in some of the consultations, the preparation of meetings of joint intergovernmental commissions and the participation of certain countries in trade fairs.

148. During the consultations attended, at the request of the parties concerned, by the UNCTAD secretariat, the secretariat had supplied information on the part which UNCTAD might play in facilitating the development of trade, in particular through technical-assistance activities. The parties participating in the consultations had thanked the UNCTAD secretariat for organizing them and stressed the value of those UNCTAD arrangements for the development of their trade. In addition, some of the partners had agreed to continue, in one or other of their capitals, the consideration of the problems which they had started discussing during the Board's session.

149. In conclusion, the Chairman reminded the Committee that the consultations could go on not only during the whole period of the Board's session but also outside that framework. The UNCTAD secretariat was prepared to organize such consultations at the request of States members of UNCTAD.

Consideration in plenary

150. At the 509th meeting of the Board, on 15 September 1978, the Chairman of Sessional Committee II introduced the report of the Committee (TD/B(XVIII)/SC.II/L.1, as amended by TD/B/L.513), noting a further amendment to paragraph 55 in TD/B/L.513. He noted that informal consultations had been held in a friendly and constructive atmosphere on the two draft resolutions submitted respectively by the Group of 77 and Group D. However, it had unfortunately not been possible to reach agreement on a common text and the Sessional Committee recommended that they be annexed to the report of the Board.

Action by the Board

151. At the same meeting, the Board adopted the report of Sessional Committee II for incorporation as appropriate in its own report, and took note of the report of the Intergovernmental Group of Experts on Trade Opportunities resulting from Multilateral Schemes of Countries Members of CMEA (TD/B/680) and of the Intergovernmental Group of Experts to Study a Multilateral System of Payments between Socialist Countries of Eastern Europe and Developing Countries (TD/B/683). It also decided to annex the two draft resolutions submitted in Sessional Committee II. 9/

152. The representative of China stated that his delegation had not participated in the work of the Sessional Committee and accordingly reserved its position as regards the content of the report of that Committee. He expressed his country's sympathy, however, with the position of the Group of 77 reflected in that report.

153. The spokesman for the Group of 77 said that a draft resolution submitted by his Group had been annexed to the report of Sessional Committee II. The primary purpose of that draft had been to enable the preparatory work for the fifth session of UNCTAD to focus on certain specific issues, and partly to serve as an input into the process of implementing Conference resolution 95 (IV). The Group of 77 had considered this to be vital if the Conference at its fifth session was to achieve results on this particular item that were of real and substantial benefit to the third world. Such considerations would be the only justification for having any item on the agenda of the Conference.

154. It was therefore a matter of profound regret that, in spite of all the efforts made by the Group of 77, the Group D delegations had maintained the same inflexible attitude that had been experienced during the meeting of the Intergovernmental Group of Experts on Trade Opportunities resulting from the Multilateral Schemes of Countries Members of CMEA. Thus, delegations would be returning to UNCTAD at its fifth session without resolution 95 (IV) having been implemented. He added that the report of that Group (TD/B/680) contained in an annex draft recommendations of the Group of 77 which the Intergovernmental Group had not been able to agree upon owing to the inflexible attitude of Group D. There thus seemed to be a trend for the Group of 77's proposals on this issue simply to be annexed to reports.

155. Several times in the Board the representatives of Group D countries had declared that unutilized opportunities and potential abounded in their countries from which the developing countries could benefit, and they had spoken of dynamic elements in their trade and economic relations with developing countries. The Group of 77 was interested in this subject and would like to derive maximum benefit from it, but their attempts had been thwarted on several occasions by the unwillingness of Group D to support the specific proposals of the Group of 77. The Group of 77 was concerned that this unfortunate trend would adversely affect public opinion in the third world. In conclusion, he paid tribute to the Chairman of Sessional Committee II, who had been in large measure responsible for the atmosphere that had prevailed in the informal consultations.

156. The spokesman for Group D endorsed the remarks made by the Chairman of Sessional Committee II and said that it was the strong conviction of Group D that there had been a useful exchange of views in the Sessional Committee on the field of trade relations among countries having different economic and social systems in all their flows - an exchange of views which had been appropriately reflected in the report. In accordance with Conference resolution 95 (IV), the Sessional Committee,

9/ The texts of these draft resolutions are reproduced in annex V below.

within its terms of reference, had, inter alia, studied several problems pertaining to agenda item 3 and had evaluated the results of the meetings of two Intergovernmental Groups of Experts. Furthermore, a number of intensive informal consultations had taken place with the aim of approving a common resolution. Certain progress could have been made, but in some principal aspects different views existed, despite the many constructive proposals made by Group D with a view to finding common solutions. The main concern of Group D was that they could not accept any result which did not include all flows of trade and their interrelationships with each other. Moreover, they considered that excluding one or more flows of international trade from examination was in contradiction with the universal character of UNCTAD and with the relevant UNCTAD resolutions.

157. Within this framework, Group D had done its utmost to bridge the existing differences and it was not the fault of Group D that it had not been possible to reach a common resolution as other Groups had dwelt on limited aspects of the issue. Accordingly, Group D must reject the views expressed by the spokesman for the Group of 77 in so far as they were in contradiction with the principles enunciated above.

158. The spokesman for Group B noted with concern that discussions in Sessional Committee II had not achieved conclusive results. His Group was astonished that Group D had been unable to endorse a draft text, virtually all of which, except for two bracketed portions, had been completely agreed. Successful results in the issues dealt with in the Sessional Committee were necessary as an essential component in resolving world trade problems and improving the potential of the developing countries. The Group of 77 had made commendable efforts to identify their expectations and had expressed their views regarding the implementation of the relevant Conference resolutions. Along the lines of the call for action in Conference resolution 95 (IV), the Group of 77 had tabled a draft which Group B could support in principle. Group B considered that further potential existed for the utilization of opportunities in trade between socialist countries of Eastern Europe and the developing countries. Consequently, Group B sincerely regretted that the Sessional Committee had not been in a position to give constructive guidance to the fifth session of UNCTAD on this issue. Nevertheless, Group B was prepared to contribute to the work of the Conference on this subject.

159. He added that, with respect to the question of the competence of UNCTAD to examine East-West trade, Group B was convinced that, notwithstanding its comprehensive character, UNCTAD must take account of the tasks being undertaken by other United Nations organs.

CHAPTER III

FIFTH SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT: OBJECTIVES, PROVISIONAL AGENDA, PREPARATORY WORK AND ORGANIZATION (Agenda item 4)

160. The Board had before it a note by the Secretary-General of UNCTAD (TD/B/L.507 and Add.1) prepared in response to Board resolution 154 (XVII), in which the Board decided that the fifth session of the Conference should have a selective agenda, supported by concise, action-oriented documents and should be so organized as to ensure the attendance of high-level policy makers, including Ministers, and to permit all delegations to contribute effectively to its decision-making process.

A. Statements made on behalf of regional groups 10/

Group B

161. The spokesman for Group B said that, in the period since the last session of the Conference, there had been intensive discussions within UNCTAD and in other forums. While it could not be said that a complete meeting of the minds had always been achieved, Group B believed that significant progress had been made both in mutual understanding and in operational terms. The Paris Conference on International Economic Co-operation had led, *inter alia*, to the establishment of a Special Action Programme of interest to many poorer developing countries, and the Board meeting at Ministerial level had adopted resolution 165 (S-IX) on debt and development problems which was yielding direct and positive results for a considerable number of developing countries. Group B's awareness of the need for close co-operation between all countries had been clearly expressed in the Communiqué adopted at the OECD Council meeting at Ministerial level in June 1978, when Ministers had agreed on a broad programme of concerted action to achieve more sustained economic growth, and had confirmed their commitment to constructive policies for development co-operation to help developing countries in their efforts to strengthen and diversify their economies and to secure decent conditions of life for their people. The Ministers had also declared their readiness to encourage constructive structural change in international economic relations, leading to a more equitable and stable international economic system.

162. It was in that spirit that the members of Group B approached the present session of the Board and above all UNCTAD at its fifth session. They recognized the growing interdependence of all States and of the various aspects of economic and financial co-operation with which they were concerned, and believed that if the term "interdependence" was to be taken seriously, it imposed duties on all parties to the world economy, whether developed market-economy countries, developing or socialist countries. None should underestimate the difficulty of the tasks involved: but interdependence meant that answers could only be found in constructive and rational co-operation. It was clear that, within its terms of

^{10/} Certain of these statements also referred to agenda item 2 (see chap. I above).

reference under General Assembly resolution 1995 (XIX), UNCTAD had a major role to play in promoting and implementing such co-operation: indeed, the past two years had demonstrated that, in spite of great problems and continuing divergences of view in some areas, this process of co-operation could and must be pursued within UNCTAD. In this context he paid tribute to the contributions made by the Secretary-General of UNCTAD and his staff.

163. Turning to the most important task of the present session, namely, the drawing up of a provisional agenda for the fifth session of UNCTAD, he said that Group B felt that the major themes seemed to be already fairly clear. They arose both from the discussions and negotiations completed or under way, and from the common need to determine the lines of future development co-operation, and appeared to be reasonably well set out in TD/B/L.507. It was unfortunate that - once again - an important text had arrived rather late. Group B was, however, studying it with great care, in the light of the interesting opening statement of the Secretary-General of UNCTAD, with a view to promoting agreement in the course of the session.

164. On the eve of the preparation of a new international development strategy, one of the essential aims of the fifth session of UNCTAD would be, in the view of Group B, to search for ways of expressing the idea of interdependence in the present situation. The Conference must review what had been achieved since the fourth session of UNCTAD in the various fields in which work had been set in hand and was continuing: for example, the draft Code of Conduct on the Transfer of Technology; restrictive business practices; the launching of a programme of work on economic co-operation among developing countries; the task given to a group of experts to draw up features for future operations relating to debt problems of interested developing countries; as well as the ongoing work of the various UNCTAD committees and meetings on individual commodities. Group B had kept in mind throughout the ways in which these different areas of work affected in particular the interests of the least developed among the developing countries. Within the context of the Integrated Programme for Commodities, Group B hoped - and believed - that it would be possible to reach agreement on a Common Fund, at least on fundamentals, in the period before the fifth session of UNCTAD. In this connexion, he noted that, in addition to resolution 3 (VI) adopted at the sixth session of the Ad hoc Intergovernmental Committee for the Integrated Programme for Commodities, both the European Council in Bremen and the Western Summit in Bonn had reiterated a determination actively to pursue the negotiations on a Common Fund to a successful conclusion.

165. Many of the negotiations he had referred to had proved more difficult than originally expected. This showed that the issues were exceedingly complex and the interests involved diverse. Lasting results able to accommodate the interests of all sides and especially those of the developing countries would only come from patient, detailed and down-to-earth talks, not from the reiteration of too general goals. All Group B countries had come to the present session in this constructive spirit, so as to make their proper contribution to the preparations for UNCTAD V.

Group of 77

166. The spokesman for the Group of 77 said that at its fifth session UNCTAD would be taking place at a time when a number of negotiating processes, including those in UNCTAD on the Integrated Programme for Commodities and the International Code of Conduct for the Transfer of Technology, and the multilateral trade negotiations within GATT, should be concluded. The Conference would also be taking place on

the threshold of the 1980s, for which the international community would be preparing a new international development strategy. Thus, it would be an occasion to build on the results achieved and to take concrete action with a view to solving the economic problems confronting the international community and to giving a new impetus towards securing a more equitable international economic order.

167. Since the fourth session of UNCTAD, the world economy had plunged deeper into crisis, owing largely to adverse economic policies of the major industrialized countries, a crisis which affected the developing countries most seriously because of their vulnerable position. The crisis was structural in nature and could only be resolved through fundamental structural changes in the existing economic order. The present imbalances in the world economy were recognized to stem from structural rigidities and disequilibria in developed countries, as well as constituting part of the wider imbalances in the world economy which still operated under an economic order established more than 30 years ago. The aspirations of the developing countries included in the New International Economic Order had yet to be achieved. While the present difficulties affected the prospects of all members of the international community, they affected especially seriously and adversely the prospects of the developing countries.

168. The management of the world economy could no longer be accepted as the prerogative of an exclusive group of developed countries. There must be effective and systematic consultations at every level of decision-making to ensure, not only that the views of developing countries were taken into account but also that their interests were protected. In this context, such consultations could be seen to have two broad objectives. The first was to ensure that the development objectives and trade and financing needs of developing countries were borne in mind when short-term economic policies were determined. The second was to ensure that policies with respect to trade issues, financial co-operation or monetary reform were mutually consistent. The time had now come to establish a comprehensive system of international financial co-operation that would integrate the transfer of resources into the development objectives of developing countries and provide a transfer of resources to developing countries that was continuous, predictable and assured. Recent developments also underlined the need for a restructuring of the framework of rules and principles that had hitherto governed trade and international economic relations. This would require not merely recognition of the special situation of developing countries, but also the transformation of these rules to the contemporary realities of the world economy and the evolving of new international economic relations. One of the gravest manifestations of the present crisis was the increasing recourse to policies of protectionism in developed countries. The developing countries had been particularly adversely affected, as these policies covered products of special export interest to them. Such protectionism stemmed, *inter alia*, from the failure of the developed countries to fulfil their commitments with regard to standstill and adjustment assistance measures. Growing protectionism was currently the most serious threat to international co-operation for development and must be discussed comprehensively at the fifth session of UNCTAD.

169. Recent developments in the international economic policies of developed countries, however, were not merely an issue of free trade as opposed to restricted or organized trade. The basic issue was whether developed countries were willing to make the necessary adjustments in their economies in order to accommodate the growing industrialization of developing countries and the consequent structural change in the world economy.

170. With respect to the particularly acute problems of the least developed among the developing countries, the declining trend in their economic situation should be reversed by adopting additional and special measures through a substantial new programme of action for the 1980s, as called for in resolution 4 (II) adopted by the Intergovernmental Group on the Least Developed Countries at its second session, and also by doubling the net flow of development assistance to these countries by 1980, as requested by the Group of 77 at the second session of the Intergovernmental Group, in order to assist these countries to achieve the minimum growth target set forth in the International Development Strategy.

171. Regarding measures of support for economic co-operation among developing countries, new commitments should emerge from UNCTAD V in order to facilitate and ensure the necessary financial and technical assistance by the United Nations system and by the developed countries on the basis of the specific proposals to be presented by developing countries.

172. In the field of commodities, the Group of 77 had consistently deplored the slow pace of progress in implementing the Integrated Programme for Commodities, which was a key element in the establishment of the New International Economic Order. The Group of 77 would call on the Conference at its fifth session to give the necessary political impetus to the negotiations on individual commodities with particular emphasis on other specific measures embodied in Conference resolution 93 (IV), especially the processing of raw materials in developing countries, and greater participation by these countries in the transport, marketing and distribution of their products. With respect to the Common Fund, the Group of 77 called on the developed countries to demonstrate greater flexibility in the months ahead so that the reconvened Negotiating Conference could effectively and successfully establish the Common Fund as envisaged in resolution 93 (IV).

173. Concerning the official debt of the poorer developing countries, especially the least developed countries, resolution 165 (S-IX) adopted by the Board at its Ministerial session represented a step forward, although of limited scope. Action had already been taken by some creditor countries in pursuance of this resolution. Others were yet to take similar steps. The Group of 77 strongly expected that by UNCTAD V, this resolution would have been fully implemented by all developed donor countries.

174. The Group of 77 was concerned that official development assistance (ODA) had declined in recent years. In any strategy for improving growth rates around the world and for alleviating poverty in poor countries the role of international co-operation through adequate resource transfers from developed to developing countries could scarcely be overemphasized. The developed countries should widen the scope of programme lending and also improve the quality of development assistance, not only by untying it but also by ensuring that its real value was not eroded by other factors. Furthermore, such development assistance to poorer countries should be on softer terms so as to relieve their heavy debt burden.

175. In the field of transfer of technology, while the draft International Code of Conduct on the Transfer of Technology prepared by the Intergovernmental Group of Experts in many important aspects fell far short of the expectations of the Group of 77, his Group would continue its efforts at the forthcoming United Nations Conference to ensure that the instrument finally negotiated for adoption was a

legally binding one. That Conference would also have to reach agreement on such important areas as definitions, restrictive practices, applicable law and settlement of disputes and international machinery for implementation of the Code. The Group of 77 would be entering the negotiations at the Conference in a constructive spirit with the firm expectation that there would be progress towards the creation of a meaningful and effective instrument for regulating the transfer of technology.

176. Concerning the negotiation of a set of multilaterally agreed equitable principles and rules for the control of restrictive business practices having adverse effects on international trade, particularly that of developing countries and on the economic development of these countries, work at the expert group level was largely completed, and therefore the Board must, as a matter of priority, take the necessary action for instituting the negotiation of the principles and rules. Accordingly, the Group of 77 recommended that the General Assembly should convene, in 1979, a negotiating conference and that, in the meantime, further action by UNCTAD should be taken in order to ensure the success of the Conference.

177. There had been very little progress in the multilateral trade negotiations within GATT. Of particular importance to developing countries was the concrete application of the objectives of the Tokyo Declaration concerning special and more favourable treatment for them, non-reciprocity and special procedures for developing countries in the different areas of the negotiations, and, in particular, the special treatment for the least developed countries envisaged in paragraph 6 of the Declaration. However, the slow pace of the negotiations, the limited concessions made so far, and the absence of a positive response from the developed countries had given rise to considerable disappointment and grave doubts on the part of developing countries. The Group of 77 deplored the fact that developing countries had been excluded from certain important processes of the negotiations, thus causing them to lose to some extent their multilateral character.

178. The multilateral trade negotiations also represented an opportunity to improve the international framework for world trade and to adapt it to meet the special needs and aspirations of the developing countries. Unfortunately, current trends in the negotiations indicated that not only would this objective not be realized, but also the international trading environment could well be even more restrictive for developing countries after the negotiations than at present. Recent retrograde experience in certain sectors would then be repeated in other areas where the developing countries were achieving a competitive advantage.

179. In the field of shipping, there was a need to examine measures that would ensure for developing countries an increasing and substantial participation in the carriage of maritime cargoes. At its fifth session UNCTAD could formulate an action programme for the merchant fleet development in developing countries in line with the New International Economic Order. The Conference should also impart political impetus for entry into force of the Convention on a Code of Conduct for Liner Conferences, and also give a decisive impulse to negotiations related to a convention on international multimodal transport.

180. The picture that thus emerged was not very encouraging. There was a danger that, unless substantial progress was made, the uncertainties, and even failures of the ongoing negotiations would make it difficult for UNCTAD at its fifth session to accomplish the important tasks before it. The Group of 77 urged the developed countries to make determined efforts to contribute to the success of these negotiations and, in a spirit of co-operation, to implement their commitments embodied in UNCTAD and General Assembly resolutions with greater effectiveness.

Group D

181. The spokesman for Group D stated that at its fifth session UNCTAD should constitute a further step towards the solution of urgent problems of international trade and related development questions within the general context of the restructuring of international economic relations on equitable and democratic lines. The members of Group D were participating actively in the implementation of UNCTAD recommendations aimed at the restructuring and development of international economic relations on the basis of justice, equality and mutual benefit. Since the fourth session of UNCTAD they had taken many steps to promote the further development of economic and trade co-operation with all countries in accordance with these principles.

182. UNCTAD, as an organ of the United Nations system founded on the principle of universality, had a special role to play on the basis of equality and justice in the development of economic and trade co-operation among all countries, irrespective of their level of economic development and differences in social and economic systems.

183. Group D was prepared to support proposals for the discussion at the fifth session of the Conference of questions arising out of the main areas of UNCTAD's activities. Such discussions should, above all, serve to facilitate the task of putting an end to discrimination and removing artificial barriers to world trade, eliminating all manifestations of inequality, dictat and exploitation in international economic relations, and the struggle against neo-colonialism and the remaining vestiges of colonialism. The agenda for the Conference should take special account of the major changes in world trade and development which had taken place in recent years and of the problems arising in that connexion.

184. As an international organization founded on the principle of universality, UNCTAD should consider trade problems in the light of the interests of all States. Consequently, if an item on trade among countries having different economic and social systems was to be included in the agenda, consideration of this issue should be comprehensive, i.e., it should cover problems of trade not only between socialist and developing countries, but also between socialist and developed capitalist countries.

185. One of the most serious aspects of the present situation was the growing protectionism in the trade policy of developed capitalist States. Group D trusted that this problem, which affected the interests of all States members of UNCTAD, would receive the attention it deserved in the work of UNCTAD. Group D was persuaded that UNCTAD was the most suitable forum for its discussion.

186. The members of Group D were profoundly convinced that problems of development and international co-operation were inextricably linked, in present conditions, with questions of the cessation of the arms race and with disarmament, with détente and with the strengthening of international security. They were also convinced that, unless these questions were taken into account, it would be impossible to arrive at a solution of the problems faced by UNCTAD.

China

187. The representative of China observed that the purpose of the fifth session of the Conference should be to implement the principles and programme of action on the New International Economic Order which had been adopted by the General Assembly at its sixth special session. To that end, he supported the objectives and provisional agenda for the fifth session of the UNCTAD as contained in document TD/B/L.507.

B. Other statements

188. The representative of one developing country, while expressing full support for the statement made on behalf of the Group of 77, attached particular importance to the items on protectionism and on other trade issues (items 10 and 11 of the provisional agenda for the fifth session of UNCTAD as contained in TD/B/L.507). He observed that the matter of protectionism was of critical importance since protectionist pressures had increased markedly in recent times, and this was notwithstanding the negotiations in GATT and the passage previously in many UNCTAD bodies of resolutions endorsing the principle of standstill. Protectionist pressures could have been avoided if resolutions such as General Assembly resolution 3362 (S-VII) and Conference resolution 96 (IV) had been implemented. Thus, it was of particular importance to examine at the fifth session of UNCTAD the implementation of resolutions which the developed countries themselves had accepted. He observed further that the generalized system of preferences, which had been adopted at the second session of the Conference, should be expanded, and that the fifth session of UNCTAD should focus also on the elimination of non-tariff barriers, some of which had proved disastrous for the exports of developing countries. In this latter respect, he advocated the establishment by UNCTAD at its fifth session of a time-table for the removal of non-tariff barriers - which could be called a Generalized Phasing-out Programme (GPP) - whose implementation could then be evaluated by UNCTAD. Finally, he expressed disappointment with the progress of the multilateral trade negotiations stemming from the Tokyo Declaration, and asserted that UNCTAD at its fifth session should carry out an evaluation of these negotiations.

189. The representative of another developing country, while also expressing full support for the statement made on behalf of the Group of 77, observed that items should not be split up unnecessarily in the agenda for the fifth session of UNCTAD. In this light, there could be four main headings, the first of which could be the substance of item 8 of the provisional agenda submitted by the Secretary-General of UNCTAD. The second could deal with specific problems facing trade and development, and under this could be discussed the matters of manufactures, transfer of technology and the like. The third would be concerned with the international monetary system, finance and the transfer of real resources, and the fourth heading could comprise other items such as economic co-operation among developing countries, island developing countries and land-locked developing countries.

190. The representative of another developing country noted that the fifth session of UNCTAD would be taking place at a critical time because of the various economic crises currently affecting the world and having a particularly negative effect on the trade and development of developing countries. Efforts to redress the situation had not been successful and indeed the negotiations in many areas, such as commodities, removal of trade barriers, and transfer of real resources, had reached an impasse. Since the cause of the crises was an inequitable international economic system, at its fifth session UNCTAD ought to be a stage in the elaboration of a new international economic order based on equality, national sovereignty and reciprocal advantage. Preparations for the Conference should include the establishment of its political objective, the intensification of negotiations currently under way in UNCTAD and efforts by all States to implement the principles which had already been accepted. The agenda for the Conference should focus on action in the areas in which action was most urgently required, namely, trade in commodities, removal of trade barriers, development financing, transfer of technology and economic co-operation among developing countries.

191. The representative of another developing country, in supporting the statement made on behalf of the Group of 77, observed that there were two critical phases of work. One of these was negotiation and the other was implementation. If implementation did not follow - as in the case of the Code of Conduct for Liner Conferences - then the bona fides of negotiation would have to be called into question. The fifth session of UNCTAD would provide an opportunity for real negotiations and he hoped that these would be more profound and more profitable. He noted further that piecemeal solutions of global problems were inadequate, but this did not mean he was asking for a centralized bureaucracy to run world trade. Rather, what was needed was a set of equitable rules supported by a sound international monetary system. He added that if the fifth session of UNCTAD were to have a theme, it should be the restructuring of the world economy through proper adjustment assistance measures.

192. The representative of another developing country, said his delegation considered that the agenda for the fifth session of UNCTAD should be selective and contain only issues that were sufficiently ripe for examination at the level of the Conference. At its fifth session UNCTAD should assess what had happened since Nairobi, but it should do so in a dynamic manner. The proposals of the Secretary-General of UNCTAD could serve as a point of departure for the provisional agenda. His delegation considered that an item should be included covering the evolution of and recent trends in the world economy, under which the Conference could take up such items as the world economic crisis, the upsurge in protectionism, and the important issue of monetary instability.

193. The representative of Mongolia stated that the fifth session of UNCTAD should contribute positively to the implementation of the resolutions of the General Assembly and of UNCTAD directed towards the restructuring of existing unequal international trade and economic relations on the basis of just and democratic principles. The agenda for the Conference should reflect the issues corresponding to the main directions of the activities of UNCTAD, taking into consideration at the same time the vital interests of all countries and groups. Such an approach would be in line with the mandate of UNCTAD as set forth in General Assembly resolution 1995 (XIX), and reflect the basic problems of contemporary trade and economic relations between countries having different economic and social systems. It was equally essential to consider trade and development questions in close connexion with the tasks of the strengthening of peace and international security and of achieving real disarmament.

194. The Minister of Trade of the Philippines noted that his delegation was in large agreement with the Secretary-General of UNCTAD's statement on the basic objectives of the fifth session of the Conference and with his perceptions of the concerns of the international community that must be dealt with to attain these objectives. The tasks of the fifth session of the Conference could be described as evaluation, consolidation and building, and the agenda proposed by the Secretary-General permitted this. He underlined the importance of having as separate agenda items the Integrated Programme for Commodities, the problems of the least developed among the developing countries, and the matter of protectionism, and noted the emphasis being placed on the interrelationships of problems in the areas of trade, money and finance and related problems of development. He attached special significance to the matter of economic co-operation among developing countries, since he considered it to be one of the pillars of the new international economic order, and expressed the hope that the fifth session of the Conference would be an occasion on which UNCTAD could give greater emphasis to the subject. Finally, he noted his Government's awareness of the historic significance of the forthcoming fifth session, and expressed its appreciation that Manila had been selected as its venue. The agreement with UNCTAD on conference arrangements was in the process of being finalized and the necessary preparatory work, particularly the provision of additional conference rooms, facilities, technical and other support services, was progressing satisfactorily.

195. In conclusion, he expressed his conviction that his country would be able to adequately provide the necessary requirements for the Conference and its participants, and that Philippine hospitality would play its part in the services to be made available.

196. Further discussion of this agenda item was referred to the Working Group established by the Board at its 497th meeting (see chap. VII, sect. C below).

197. At the 510th meeting, on 17 September 1978, the President introduced his proposals for the provisional agenda for the fifth session of the UNCTAD (TD/B/L.524) which he had submitted as a result of the consultations in the Working Group. He drew attention to a revised text for the wording of item 17. An amendment was made to item 9 of the President's proposals.

198. The President also noted that there was general agreement with the arrangements outlined in paragraph 2 of the note by the Secretary-General of UNCTAD on the organization of the fifth session of the Conference (TD/B/L.507/Add.1), except for those under subparagraphs (vi) and (ix) with respect to which he proposed certain amendments.

Action by the Board

199. At the same meeting, the Board adopted the President's proposals, as amended, for the provisional agenda for the fifth session of the Conference, on the understanding that the Board would revert to the wording of item 17 at its tenth special session (for the text of the provisional agenda, see annex II below).

200. The Board also endorsed the arrangements for the organization of the work of the fifth session of the Conference proposed by the Secretary-General of UNCTAD, as amended by the President, on the understanding that the question of the allocation of items to the Sessional Committee and the Negotiating Groups would be determined by the Board at its tenth special session (for the text of these arrangements, see annex III below).

201. The Secretary-General of UNCTAD announced that the host country agreement for the holding of the fifth session of the Conference at Manila in May 1979 had been signed on 14 September 1978. He stated that the early signing of this agreement would greatly facilitate the preparations for the Conference and would augur well for its success.

CHAPTER IV

MATTERS REQUIRING ACTION BY THE BOARD ARISING FROM OR RELATED TO REPORTS AND ACTIVITIES OF ITS SUBSIDIARY AND OTHER BODIES

(Agenda item 5) 11/

A. Commodity trade
(Agenda item 5 (a))

1. Integrated Programme for Commodities

(a) General

Consideration in Sessional Committee I

202. The reports of the Ad hoc Intergovernmental Committee for the Integrated Programme for Commodities on its fourth, fifth and sixth sessions were introduced by the Chairman of the Ad hoc Committee. 12/ He stated that the report of the Committee on its sixth session was of particular importance, since it contained the comprehensive report called for by the Board in decision 140 (XVI), paragraph 5. Indeed, the work of that session, carried out, inter alia, on the basis of a comprehensive report by the Secretary-General of UNCTAD (TD/B/IPC/AC/20 and Add.1 and 2) had been a major exercise, involving the participation of the Chairmen of the various preparatory meetings, whose contributions were reflected in the Committee's report. Despite difficulties, the Committee had adopted a resolution containing proposals which, if approved by the Board, would allow work to continue on the Integrated Programme for Commodities beyond the timetable originally envisaged in Conference resolution 93 (IV). 13/

203. The representatives of several developing countries deplored the limited results so far achieved in the implementation of Conference resolution 93 (IV), noting that negotiations on a Common Fund had not yet reached any meaningful stage, despite two sessions of the Negotiating Conference and subsequent intensive consultations. Equally disappointing were the preparatory meetings on individual commodities where, except for one product, work had advanced to a negotiating stage, progress on the whole, if any, had been meagre. In their view, developed countries had not evinced either a sufficiently positive attitude or the political will necessary for moving from the theoretical sphere into practical areas of action aimed at achieving the objectives of resolution 93 (IV). A glaring feature of this disappointing state of affairs was that not a single international commodity agreement had been concluded under the Integrated Programme. During preparatory meetings on individual commodities emphasis had been on endless requests for further technical studies and analyses, instead of on action or result-orientated discussion. A global approach to achieving the basic objectives of the resolution, in particular the restructuring of commodity markets to assist the development of developing countries, appeared not to have yet received its due importance and acceptance by the developed countries, since issues which had been settled were being reopened or measures which had been accepted in the past were still being questioned.

11/ This item was referred to Sessional Committee I for consideration and report (see chap. VII below, sect. C).

12/ TD/B/IPC/AC/15, 18 and 21 respectively, circulated under cover of TD/B/718. The Chairman also drew attention to a note by the UNCTAD secretariat on consultations and negotiations on commodities held within UNCTAD and other international forums. (TD/B/715 and Add.1).

13/ The full text of the Chairman's statement was circulated by decision of the Sessional Committee (TD/B(XVIII)/SC.I/Misc.1).

204. These representatives expressed grave concern at the slow pace of progress of work in implementation of Conference resolution 93 (IV), the adoption of which had heralded an era of new hopes and aspirations on the part of millions of people, particularly in developing countries. Regretfully, two years of intensive work on a Common Fund and on individual commodities had led to no encouraging result. Meanwhile, the terms of trade of developing countries continued to deteriorate, as products covered by resolution 93 (IV) constituted the main sources of income for many developing countries. It would be hard to exaggerate the important role that commodities played in the development of a number of developing countries and the great importance developing countries in general attached to negotiations under the Integrated Programme.

205. Some of these representatives underlined the close link between negotiations on a Common Fund and those on individual commodities. The failure to reach decisions on a Common Fund or to adopt a timetable for its establishment was affecting adversely the progress of work in other areas of concern covered by resolution 93 (IV). The representatives of some developing countries stated that the lack of progress was due to the absence of a positive attitude and goodwill on the part of developed countries which had led to the necessity of extending the time-frame of the Integrated Programme. They therefore welcomed with mixed feelings the recommendation of the Ad hoc Committee that the timetable envisaged in paragraphs 4 and 5 of section IV of resolution 93 (IV) be extended until the end of 1979. It was not enough merely to extend the time-frame and draw up a revised calendar of meetings. Achieving progress was not a matter of more meetings, extending time-limits or preparing more studies, but of demonstrating stronger political will and a positive attitude towards the achievement of concrete results. If the hopes of developing countries were not to be frustrated, it was necessary for all members, and particularly the developed members, of UNCTAD to act more resolutely on the resumption of the Negotiating Conference on a Common Fund without delay and to move as soon as possible some of the preparatory meetings into the negotiating phase, so that work on the Integrated Programme could indeed be completed within the new time-frame proposed, namely, the end of 1979.

206. In this connexion, the representatives of some developing countries felt that it might be useful for the Ad hoc Committee to focus its attention on a selected number of commodities on which preparatory work for the negotiation of stabilization arrangements had significantly advanced and to suggest for other products, where there was no prospect of concluding international agreements, measures and techniques other than those relating to price stabilization that could achieve the objectives of the Integrated Programme. In their view, the Ad hoc Intergovernmental Committee had not carried out its mandate to a sufficient extent and could have done more to resolve some of the basic issues. They urged the Committee to assume a more active role. The representative of one developing country stated that the UNCTAD secretariat was objective but should take bold initiatives and put forward analyses of the reasons for the slow progress in the negotiation of commodity agreements.

207. Commenting on the foregoing remarks, the Chairman of the Ad hoc Intergovernmental Committee stated that Board decision 140 (XVI) gave the Committee broad terms of reference. The question of how far the Committee should be involved in the substantive work on each commodity had not been resolved. Indeed, two extreme views had emerged in respect of the nature and scope of the Committee's functions. There were, on the one hand, those who took the position that the Committee's functions should be limited to the preparation and review of schedules of meetings and that it should not get involved in the substantive work on products for which appropriate preparatory bodies existed. On the other hand, there were those who believed that the Committee had a negotiating function. The main task performed by the Committee

had been to facilitate, and indeed to give impetus to, the work under resolution 93 (IV). Both he as its Chairman and the Committee itself had been making great efforts to find practical ways to advance, without involving the Committee in the substance of work on individual commodities and on a Common Fund. For the resolutions and decisions of the Committee to have any practical effect they had to enjoy the support of all parties concerned, and he noted that the Committee had succeeded in this respect, since its recommendations and decisions had been adopted unanimously, in particular resolution 1 (III) and decision 2 (V). In his view, success or failure with respect to a given commodity would be determined not so much by the actions of the Ad hoc Committee or of the Board as by the actions of those directly concerned in the negotiating conference or forum concerned with the commodity. Given the constraints, he felt it would be difficult for the Committee to broaden the scope of its work by going into the substance of each preparatory meeting. It was, however, for the Board to decide whether new instructions were necessary.

208. The representatives of some developing countries, while appreciating the difficulties mentioned by the Chairman of the Ad hoc Committee, maintained that the Committee could identify factors impeding progress and suggest solutions, and that the time had come for it to set out in new directions.

209. The representative of a developing country said it was the view of developing countries that it was necessary to speed up preparatory work on individual commodities and the negotiations on a Common Fund. Future efforts should be directed to identifying and preparing for specific and practicable programmes of international action, in respect of each commodity. The main difficulties that had been encountered were not so much of a technical nature, calling for in-depth studies and analysis, but rather of a policy nature, calling for political decisions. He exhorted developed countries to display a more positive attitude and political will in order to move from the stage of studies and consultations to meaningful negotiations. Stating that there was a need for stronger political will, he welcomed references to the Common Fund made at the recent Bonn economic summit of industrialized countries and at the United States-ASEAN Dialogue. He added that developing countries would spare no effort to ensure an early resumption of the Negotiating Conference on a Common Fund and invited developed countries to exert similar efforts.

210. The representative of a developing country stated that his country shared the concern of other developing countries with regard to progress of work under the Integrated Programme for Commodities and the limited results achieved. He was surprised at the hesitation of developed countries in fulfilling their commitments and emphasized the need for a more positive attitude in order to complete work before the expiry of the proposed extended timetable.

211. The representative of another developing country said that her country had maintained a coherent position with regard to the negotiations conducted pursuant to Conference resolution 93 (IV). It had endorsed adjustments in the schedule of meetings in that connexion because it appreciated that there were difficulties peculiar to each commodity. It therefore supported the proposals that Governments should identify those difficulties with a view to the formulation of appropriate solutions which would take account of the needs of the various products which were still not regulated by international agreements. Her Government fully maintained its policy of support for such international agreements, which was of long standing and had recently been confirmed at the meeting of Heads of State in Panama. It was convinced that such was the proper approach to a constructive dialogue between producers and consumers, leading to growth, equity and stability in commodity markets which would redound to the benefit of producers and consumers. That policy

had had encouraging results and her Government reaffirmed it, having consistently supported the requests of countries producing commodities that ways should be found to overcome the obstacles to the conclusion of commodity agreements. Moreover, she reaffirmed her delegation's positive position with regard to efforts by the producing countries to achieve the elaboration of international agreements for primary commodities in respect of which none existed so far. Accordingly, it could not oppose the aspirations of the producers, especially where those were developing countries.

212. The representative of China stated that his delegation shared and supported the views of developing countries. Progress of work under resolution 93 (IV) had been most disappointing. Since its adoption more than two years ago, developing countries had made considerable efforts to negotiate a Common Fund and to find solutions to commodity problems in accordance with the objectives of the resolution. The United Nations Negotiating Conference on a Common Fund under the Integrated Programme for Commodities had been suspended and the progress of preparatory meetings on individual commodities had been slow, owing to sabotage and obstruction by the super-Powers which, though they had accepted the resolution, were doing everything to prevent its implementation in order to maintain the old international economic order. The Integrated Programme was an essential element of the new international economic order, and a Common Fund, as an integral part of the Programme, was directly related to work on individual commodities. Efforts should be continued to remove all obstacles so that the Negotiating Conference on a Common Fund could be resumed in November 1978 in accordance with the spirit of resolution 93 (IV). His delegation supported the extension of the time-frame of the Integrated Programme until the end of 1979, as proposed by the Ad hoc Committee.

213. The spokesman for Group B stated that his Group welcomed the resolution adopted by the Ad hoc Intergovernmental Committee at its sixth session and supported the recommendations in that resolution. He recalled the statement by Group B at that time, with its reaffirmation of the commitment by Group B countries to implement the provisions they had accepted at Nairobi. He stated that the countries of his Group had spared no efforts to contribute constructively to the various meetings on individual commodities. Progress had been made on several commodities, on the one hand; on the other hand, Group B was disappointed at the slow pace and inadequate preparations for a number of others. As had been pointed out by Group B on many occasions, the problem of commodities was complex, and progress could only be made on these through agreement between producers and consumers. In the view of Group B, the preparatory meetings had been constructive; they advanced the dialogue, promoted international co-operation on commodities, helped to highlight the real problems and showed what was feasible. As regards the Common Fund, his Group had participated actively and in a positive spirit in trying to find solutions to issues on which the last negotiating Conference had foundered. Group B had spared no efforts to provide the Secretary-General of UNCTAD with information needed for him to reach a well-based conclusion as to the timing of the resumption of the Conference. He reiterated the intention of the Group B countries to continue to render their full co-operation for the attainment of the objectives they had accepted in Conference resolution 93 (IV).

214. The spokesman for Group D stated that his Group understood the concern of the Group of 77 at the lack of progress and limited results of the negotiations under the Integrated Programme for Commodities. One of the main obstacles in giving effect to the Integrated Programme was the position of the monopolistic capital of the developed market-economy countries, and in particular of the transnational corporations. His Group had no objections to the extension of the time-frame for the

Integrated Programme until the end of 1979. The socialist countries of Eastern Europe had made constructive and genuine efforts towards the attainment of the objectives of resolution 93 (IV) and would continue to do so. They rejected the statement contained in paragraph 82 of the report of the Ad hoc Committee at its sixth session and declared that they were not responsible for the poor results of the negotiations conducted so far. In their view, the pursuit of new research or the establishment of consultative groups was not a substitute for the elaboration of international commodity agreements. While they recognized the role of buffer stocks, they considered that they had to be used in combination with other measures for price stabilization. As to the equal participation of exporters and importers in the financing of buffer stocks, they believed there was no single approach possible. The matter should be settled in each case taking into account the whole complex of rights and obligations of parties in each international commodity agreement.

215. A draft resolution on the Integrated Programme for Commodities was submitted by Colombia on behalf of the States members of the Group of 77 (TD/B(XVIII)/SC.I/L.11/Rev.1).

216. At its 13th meeting, on 13 September 1978, the Committee recommended to the Board for adoption a draft decision submitted by the Chairman, as a result of his informal consultations, concerning the extension of the timetable for the Integrated Programme and related matters (TD/B(XVIII)/SC.I/L.13). In so doing, it noted the financial implications (TD/B/IPC/AC/21, annex IV) of its decision, which had previously been given to the Ad hoc Committee for the Integrated Programme for Commodities at its sixth session.

217. At its 15th (closing) meeting, on 15 September 1978, the Committee noted that informal consultations on draft resolution TD/B(XVIII)/SC.I/L.11/Rev.1 were continuing and that their outcome would be reported to the plenary.

Consideration in plenary

218. At the 510th meeting, on 17 September 1978, the Vice-Chairman-cum-Rapporteur of Sessional Committee I introduced with an oral amendment a draft resolution (TD/B/L.521) which he had submitted as a result of informal consultations, and draft resolution TD/B(XVIII)/SC.I/L.11/Rev.1 was withdrawn.

Action by the Board

219. At the same meeting, the Board adopted the draft resolution in TD/B/L.521, as amended (for the text of this resolution, see annex I below, resolution 173 (XVIII)).

220. Also at this meeting, the Board, acting on the recommendation of the Sessional Committee, and having noted the financial implications thereof, ^{14/} adopted the draft decision in TD/B(XVIII)/SC.I/L.13 (for the text of this decision, see annex I below, decision 177 (XVIII)).

^{14/} The statement of financial implications (TD/B/IPC/AC/21, annex IV) is reproduced in annex VIII below.

(b) United Nations Negotiating Conference on a Common Fund under the Integrated Programme for Commodities

Consideration in plenary

221. At the 507th meeting, on 12 September 1978, the Secretary-General of UNCTAD recalled that at the sixth session of the Ad hoc Intergovernmental Committee for the Integrated Programme for Commodities he had recommended that the Negotiating Conference on a Common Fund should be resumed. The Ad hoc Committee had set aside some planning dates in November for the resumption and had asked him to fix the exact dates and duration of the resumed session after consultations. Those consultations had occurred and it was proposed to hold a further round in the weeks ahead.

222. While it was recognized by all sides that a final consensus on each of the basic elements of the Common Fund had not yet been reached, he was confident that the positive attitudes on the outstanding issues that had been in evidence during the consultations reflected a general desire on the part of all countries to bring the matter to a successful conclusion.

223. It had also become imperative to give Governments sufficient notice of the dates for the resumption of the Negotiating Conference. With this in view, and after taking into account the suggestions made during the consultations, he had decided that, unless the Board were to advise otherwise, the Negotiating Conference would be resumed from 14 to 27 November 1978. He hoped that his decision would act as a spur to Governments to move to a decision on the basic elements of the Common Fund. All Governments had a major responsibility in the weeks ahead to take the necessary steps to arrive at a satisfactory outcome of the Conference. This was important in the context not only of promoting effective solutions to commodity problems in a mutually beneficial way, but also of improving the climate for international economic co-operation as a whole.

224. The spokesman for Group B said that his Group had listened with great interest to the statement made by the Secretary-General and thanked him for his efforts to give all interested countries an opportunity to understand each other's respective positions and to overcome as much as possible their divergences on the issue of this important new institution. Group B countries stood ready to participate in the resumed Conference in a constructive spirit and, to the extent that differences of views could be overcome through mutual efforts at compromise, they had a firm intention of arriving at a positive outcome. They felt that a decisive step towards agreement on the basic nature and elements of such a Common Fund would be necessary in November in order to progress towards the elaboration of the statute of this Fund before UNCTAD at its fifth session. Group B also stressed that in order to achieve successful results in November, it would be important to make the best use of the time between now and then to attempt to solve the difficult problems to be faced. Indicating that they would count on useful assistance and appropriate documentation from the Secretary-General of UNCTAD, he said that Group B countries warmly welcomed his plan to schedule further informal consultations in October.

225. The spokesman for Group D thanked the Secretary-General for his efforts in organizing consultations on the resumption of the Conference and stated that the States members of Group D were ready to participate in a constructive manner in the resumed Conference.

226. The representative of China expressed his appreciation for the efforts of the Secretary-General to resume the negotiations on the Common Fund at the earliest possible date. Since the suspension of the Conference, the developing countries had upheld the principles and objectives of resolution 93 (IV) and had made unremitting efforts to resume the Conference. Many second-world countries had expressed their sympathy and support for these efforts. The early establishment of a strong Common Fund would assist the negotiations on individual commodities under the Integrated Programme. The negotiations on the Common Fund must adhere to the principles for the establishment of a new international economic order and respect the reasonable demands of the developing countries. Agreement at the resumed Conference on the basic elements of a Common Fund would represent a positive step forward before UNCTAD at its fifth session. In conclusion, he welcomed the fact that a further round of informal consultations would take place before the resumed Conference.

227. The spokesman for the Group of 77 expressed his appreciation for the positive response of the other regional groups to the resumption of the Negotiating Conference, and trusted that this response would translate itself into practical reality and the political will to adopt positive decisions, in particular with respect to the two basic elements of the Common Fund - the "second window" and the capital structure - on which failure to agree had led to the suspension of the Conference. The Group of 77 was ready to participate in a further round of consultations before the opening of the resumed Negotiating Conference, and would consider the issues in a determined effort to achieve a positive, fair and just agreement on the basic elements of the Common Fund before UNCTAD at its fifth session.

Action by the Board

228. At the same meeting, the Board took note of the statement by the Secretary-General of UNCTAD and of the statements made by the spokesmen for the regional groups. 15/

(c) Copper

Consideration in Sessional Committee I

229. In accordance with the decision of the Board at its 499th meeting, the Sessional Committee held a separate discussion on copper.

230. In its discussion on this subject the representatives of many developing countries considered that the Board should undertake a special examination of issues relating to copper because of the lack of progress in the preparatory meetings and, in particular, the disappointing results of the Fourth Preparatory Meeting on Copper, which was the twelfth meeting on the commodity within the context of the Integrated Programme.

231. One of these representatives said that the lack of progress was due to the lack of political will on the part of the main industrialized countries to stabilize copper prices and that their desire to establish an autonomous consultative body for the commodity was intended to delay substantive progress. His Government would support the establishment of an intergovernmental body on copper external to UNCTAD

15/ For the action taken by the Board on the dates of the resumed Negotiating Conference, see annex I below, decision 181 (XVIII) on the review of the calendar of meetings.

only if it formed an integral part of an international commodity agreement. In the meantime, progress in formulating the elements of a commodity agreement should be expedited and, to that end, an interim body could be established within UNCTAD. A Fifth Preparatory Meeting on Copper should be wholly substantive and seek to evolve solutions for the basic problems confronting copper.

232. The representative of another developing country, which had initially proposed a special examination of copper issues by the Board, referred to the proposals made to the Fourth Preparatory Meeting on Copper for the establishment of a Committee on Copper within the framework of UNCTAD to prepare an international stabilization arrangement in accordance with Conference resolution 93 (IV). That proposal had attracted the support of the majority of the participating delegations. Since then, the lack of any legal, administrative or financial obstacles to such action and the feasibility of establishing a special secretariat support service had been confirmed. As the creation of such a body would call for a decision to that effect by the Board, requiring the approval of the General Assembly, the Board would need to take such a decision in advance of the forthcoming thirty-third session of the General Assembly, if the body was to come into effect by January 1979.

233. The representative of another developing country endorsed the foregoing analysis and stated that he shared the concerns expressed. He called for urgent action by the Board to implement the compromise solution which his delegation had proposed at the Fourth Preparatory Meeting on Copper, and which had since been shown to be technically feasible, i.e., to establish a copper body within UNCTAD to pave the way for concrete measures on copper.

234. The representative of another developing country stated that the institutional aspect was of the utmost importance for the Integrated Programme as a whole, and that any proposal of that nature should be within the context of Conference resolution 93 (IV). Therefore, the establishment of an autonomous copper body, with its own staff and finance, would be in violation of that resolution, the purpose of which was to promote substantive, not institutional measures. If, however, some kind of body was considered necessary, it should form part of UNCTAD and be transitional in nature, pending the conclusion of an international commodity agreement.

235. The representative of China expressed his support for the proposal of the developing countries participating in the discussion that future efforts should be directed to negotiating an international agreement on copper in accordance with the Integrated Programme. The numerous intergovernmental meetings held to date had faced obstacles created by the unwillingness of a few major consuming countries to discuss substance on the pretext of lack of information.

236. The spokesman for Group B, referring to the institutional proposal made by certain developing countries at the Fourth Preparatory Meeting on Copper, recalled that that proposal had not received the support of members of Group B, both producers and consumers of copper. The problems of copper were complex, and progress would be possible only through agreement between producers and consumers at specialized intergovernmental discussions for which machinery existed under the Integrated Programme. Copper issues, including the latest proposals, could be further discussed at such a forum.

237. The spokesman for the European Economic Community explained that the standing copper body as proposed by the countries members of the Community would fall within the terms and spirit of Conference resolution 93 (IV). Those countries shared the concern of others that the institutional issue be resolved quickly by making provision for the Board to meet in special session, if necessary, after the Fifth Preparatory Meeting on Copper, which could be held in October 1978. The spokesman for Group B affirmed the position of his Group that substantive discussions on copper should be left to the Fifth Preparatory Meeting, and that such a step would not create procedural problems, since the Preparatory Meeting could be followed, if necessary, by a special session of the Board.

238. The representative of one developing country stressed the need for a Fifth Preparatory Meeting on Copper to focus on the possible content of an international copper agreement, and proposed that the UNCTAD secretariat be requested to prepare a draft of the basic elements of an agreement.

239. The representatives of two developed market-economy countries importers of copper recalled certain aspects of the intergovernmental discussions on copper, especially at and since the Third Preparatory Meeting on Copper, which indicated in their view that an autonomous copper body with its own staff funds and calendar of meetings, and hence operational autonomy, would constitute an important first step toward an international copper arrangement as envisaged by the Third Preparatory Meeting. The establishment of such a body would definitely not, in their view, violate Conference resolution 93 (IV). They referred to the delicate balance of the agreement reached at the Third Preparatory Meeting on a two-stage approach to a possible international copper agreement. They therefore regretted that the Fourth Preparatory Meeting had not built on the results of the three sessions of the Working Group on Copper, which had elaborated a charter for such a body that included close links with UNCTAD. These two representatives proposed that the discussion of copper issues could best be pursued at a Fifth Preparatory Meeting on Copper. One of them added that he regretted that the issue of copper had been introduced into the deliberations of the current session of the Board. After reviewing the history of previous preparatory working groups on copper, he noted that it was not appropriate for the Board to become involved in the issue of copper, which should more properly be addressed in producer/consumer preparatory meetings. The Fourth Preparatory Meeting had already decided on the convening of a fifth preparatory meeting. The Board should not attempt to interject itself into this producer/consumer dialogue and to prejudge the outcome of those discussions. That would be especially regrettable in view of the agreement at the Third Preparatory Meeting on Copper, which had not envisaged the establishment of a copper body within UNCTAD. For the Board now to attempt to reverse this agreement would establish a dangerous precedent.

240. The representative of a major developed market-economy copper-exporting country noted that since many delegates at the present session of the Board had not personally participated in meetings on copper in UNCTAD, it would be useful to review and clarify some of the issues. He agreed with those delegations who had noted that progress in all those meetings had been very slow, but did not agree that supporting the establishment of a copper body with a degree of operational autonomy perpetuated a political violation of resolution 93 (IV). He recalled that it had been agreed at the Third Preparatory Meeting on Copper that it would be advantageous to reorganize the work on copper in order to increase its effectiveness. He also noted that it had been further agreed that the best way to do this would be to set up a copper body as the first stage of a two-stage procedure leading to a fully fledged international commodity agreement for copper. He further recalled that the fundamental understanding behind this argument was that the new copper body would have operational autonomy while retaining close links with UNCTAD as part of the continuing programme

of work of the Integrated Programme. In his view, this decision, both procedurally and substantively, was entirely in support of both the letter and spirit of resolution 93 (IV).

241. On the question of the need for compromise which had been raised in the discussion, he suggested that any document which had been negotiated over a period of three months by 37 countries by definition already represented a very high degree of compromise.

242. As regards the question of the procedure for further work on copper, he noted that the Board was being asked to ignore much of the work of the preparatory meetings and to impose a new copper committee on copper producers and consumers. He recalled that a similar suggestion had been expunged from the decision of the Third Preparatory Meeting and a similar proposal had been rejected by a number of both producing and consuming countries at the Fourth Preparatory Meeting.

243. Since copper was of considerable importance to the economy of his country, his delegation very much wanted to find an effective means of improving the situation and was committed to continuing and improving the effectiveness of international co-operation on copper. In conclusion, he stated that his delegation was fully prepared to participate actively in a Fifth Preparatory Meeting on Copper with a view to re-examining all proposals and finding a workable solution. He hoped that delegations from other copper-producing countries would refrain from action that was not likely to further the joint interests of all producers.

244. The representative of another developed market-economy copper-exporting country recalled the compromise agreement reached at the Third Preparatory Meeting, and in particular the agreement to proceed in two stages and the three principal tasks to be undertaken. He also recalled the subsequent detailed and comprehensive work by the Working Group in the preparation of a draft charter for an independent copper body. Although there were some outstanding issues on this draft, he believed that these could have been resolved at the Fourth Preparatory Meeting. However, it was important to be clear that almost all participants in the Working Group were in agreement on the general thrust of the draft charter. It was a matter of great regret that the Fourth Preparatory Meeting had been unable to further work on the copper body.

245. The same representative said that his country believed that an independent body would be an important first step towards solving the problems of the world copper market. Such a body should have its own funds, be capable of employing its own staff and of meeting when it wished; that is, it should have full operational flexibility. It did not appear that the respective proposals for the creation of a copper body within UNCTAD would meet these requirements.

246. He added that in his country's view the creation of an independent copper body to undertake the three tasks agreed to at the Third Preparatory Meeting would in no way violate resolution 93 (IV). On the other hand, he noted it was agreed that there must be a link with UNCTAD and that the draft charter contained a number of alternatives to this end.

247. In summary, he stated that this was neither the time nor the forum to decide what form a copper body should take. Rather, the issue was one to be decided by producers and consumers in the context of a preparatory meeting. His country was willing to resume the discussion at a further preparatory meeting and he hoped that the Board would set an appropriate date for such a meeting.

248. The representatives of some developing countries responded by deploring the repetition of arguments advanced at the Fourth Preparatory Meeting on Copper in favour of the creation of an autonomous body on copper. Contrary to the arguments advanced, such a proposal had not been agreed upon at the Third Preparatory Meeting. Such action would break up the Integrated Programme, would set a dangerous precedent for other commodities and could hardly be considered as a contribution to the establishment of a new international economic order, since it would not contribute to stabilization of the copper market, given the present attitude of Group B countries. The likely nature of the proposed body, as it emerged from the discussions of the Working Group on Copper, and the likely domination of it by developed countries.

249. The spokesman for the European Economic Community recalled the terms of the agreement at the Third Preparatory Meeting on Copper which, in his view, clearly did not envisage the establishment of a subsidiary body of the Board, and stressed the need for efficiency, which would entail a full-time staff for the body and its own funds and decision-making procedures.

250. The spokesman for Group D recalled the reservations of members of his Group concerning the tendency of certain countries to contemplate the creation of consultative bodies external to UNCTAD on individual commodities for the purpose of carrying out intergovernmental discussions provision for which already existed within the Integrated Programme for Commodities.

251. The representative of a developing country stated that it would be regrettable if disagreement on procedure were to hamper progress on the substance of copper problems. A subsidiary organ of the Board, if established, could embark upon such substantive discussions.

252. The spokesman for the Group of 77 introduced a draft resolution concerning preparatory work on copper, submitted on behalf of the States members of that Group (TD/B(XVIII)/SC.I/L.9). He explained that it elaborated on a draft decision submitted earlier in the session by his Group which was now withdrawn (TD/B(XVIII)/SC.I/L.3). He stated that the preparatory work in this field should be directed essentially to the conclusion of an international agreement for the stabilization of the copper market, within the framework of the Integrated Programme for Commodities and in conformity with Conference resolution 93 (IV). To that effect the preparatory meetings on copper should elaborate the basis of an international agreement to be submitted to a negotiating conference before the end of 1979, that is, within the new calendar for the implementation of the Integrated Programme which had been agreed upon at the sixth session of the Ad hoc Intergovernmental Committee. The establishment of an intergovernmental body of producers and consumers could be one of the operative elements of an international agreement, with objectives and functions which member States would determine, but could not be a prerequisite for the continuation of the current work towards the negotiation of an agreement. The Group of 77 could accept the establishment of an intergovernmental body on copper, if it were institutionally within UNCTAD, as a provisional and auxiliary instrument designed to carry on the three main tasks agreed upon at the Third Preparatory Meeting, within the framework and the calendar of the Integrated Programme. Such a body should operate as an integral part of the machinery of UNCTAD, serviced and funded by UNCTAD and conforming to its rules of procedure. For reasons of principle and for practical considerations, the creation of a body on copper outside UNCTAD and the Integrated Programme would be unacceptable to the Group of 77, unless it were so decided when adopting an international commodity agreement.

253. He added that the Group of 77 would favour the holding of a Fifth Preparatory Meeting on Copper, in October 1978, with the objectives indicated, provided that the Board decided to meet again immediately thereafter, in sufficient time to take the actions which it might deem appropriate for submission to the General Assembly at its

thirty-third session. The Group of 77 reiterated its proposal that the UNCTAD secretariat prepare, in consultation with interested delegations, a draft on the basic elements of an international agreement on copper, within the framework of the Integrated Programme for Commodities, with a view to those basic elements being considered at a Fifth Preparatory Meeting. It was confident that members of other regional groups would undertake all necessary efforts towards the early adoption of an international agreement for the stabilization of the copper market, directed to overcoming the serious economic and commercial problems which were being faced particularly by developing countries in respect of this commodity, which was of fundamental importance to the world economy.

254. The representatives of several developing copper-exporting countries expressed concern at measures being sought in the United States to restrict imports of refined copper. They stated that the introduction of such restrictions would have adverse economic and political consequences for developing countries, who were the main suppliers of such imports, and would be contrary to accepted international trade and development policies and to the declared policy of the United States in favour of freer trade. They hoped that the United States Administration would resist proposals for such measures as being undesirable. One of these representatives recalled recent related discussions within the Organization of American States, which had resulted in an assurance by the United States to take into account the views of the countries that might be affected by such restrictions; he also recalled that the Board had always condemned protectionist tendencies in international trade relations.

255. In reply, the representative of the United States referred to the opportunity which would exist for interested governments to make their viewpoints known to the appropriate machinery in his country which was considering proposals for possible measures concerning copper imports.

256. At the 14th meeting of the Committee, on 15 September 1978, the Vice-Chairman introduced a draft resolution concerning preparatory work on copper (TD/B(XVIII)/SC.I/L.15), submitted as a result of his informal consultations, and draft resolution TD/B(XVIII)/SC.I/L.9 was withdrawn.

257. In connexion with the draft resolution the secretariat drew attention to the financial implications, which it indicated were the same as for the draft resolution originally submitted by the Group of 77 and which had been given in TD/B(XVIII)/SC.I/L.9/Add.1.

258. At the same meeting, the Committee recommended draft resolution TD/B(XVIII)/SC.I/L.15 for adoption by the Board, having noted the financial implications.

Consideration in plenary

Action by the Board

259. At the 510th meeting, on 17 September 1978, the Board, acting on the recommendation of the Sessional Committee, and having noted the financial implications thereof, 16/ adopted the draft resolution in TD/B(XVIII)/SC.I/L.15 (for the text of this resolution see annex I below, resolution 180 (XVIII)).

16/ For the statement of financial implications (TD/B(XVIII)/SC.I/L.9/Add.1) circulated in this connexion, see annex VIII below.

2. Tungsten

Consideration in Sessional Committee I

260. The representatives of two developing countries stated that the Board should decide to convene a negotiating conference on tungsten rather than to endorse proposals, which had been made by the representatives of some tungsten-consuming countries in the course of intergovernmental discussions on the commodity in recent years, for the establishment of an autonomous consultative forum on the commodity.

261. The representative of China stated that the Preparatory Working Group on Tungsten, convened in June 1978, had not attained the expected goals owing to the lack of good faith on the part of a few major consuming countries. He supported the proposal for the convening of a negotiating conference to conclude an international agreement or arrangement on tungsten, which was in conformity with the aim of Board decision 166 (XVII).

262. A draft decision on tungsten was submitted on behalf of the States members of the Group of 77 (TD/B(XVIII)/SC.I/L.10), in which the Secretary-General of UNCTAD was requested to convene a negotiating conference on tungsten in the fourth quarter of 1979 after the consultations and preparatory work that he might consider necessary.

263. The representative of a developed market-economy tungsten-consuming country, having outlined proposals made at discussions in UNCTAD on tungsten over the last 18 months, stated that every proposal had been rejected by at least one major participant in the tungsten market, and that no basis existed for the convening of a negotiating conference because of the lack of agreement between producers and consumers. He recalled a proposal by five major consuming countries for a work programme on tungsten with a view to an eventual consensus between producers and consumers. His Government would be unlikely to participate in either a negotiating conference or a further preparatory meeting unless consultations established that there was an adequate basis for such meetings.

264. The representatives of other developed market-economy tungsten-consuming countries favoured reconvening the Preparatory Working Group on Tungsten. However, some of these countries opposed the convening of a negotiating conference since there was as yet no agreement among producer and consumer member Governments either that an adequate basis existed for such action or that a successful outcome could reasonably be expected.

265. The representative of another developed market-economy tungsten-consuming country reiterated his country's willingness to participate in the continuation of the dialogue on possible measures to deal with problems of the tungsten market. However, he thought it premature to fix a date for a negotiating conference, given the fact that there was no basis on which fruitful negotiations might proceed. Such a decision should be left until further progress had been made.

266. The representative of another developed market-economy tungsten-consuming country supported the proposal for the convening of a negotiating conference provided adequate preparations were made, to which end the dialogue should be continued.

267. The representative of a developed market-economy tungsten-producing country recalled that intergovernmental discussions on tungsten had been held over a period of 14 years, and said it was against this background that countries should consider the draft decision. His Government was firmly of the view that an international commodity arrangement on tungsten was both necessary and feasible, a view which was

shared by most producing countries and some consuming countries. It therefore supported the objective of the draft decision. It was a matter of regret that the work of the Preparatory Working Group, which had been established to assist in the reconciliation of the opposing views of producers and consumers, had not been finalized. In this context, he considered it desirable that the Working Group meet at an early date to complete its work, and he hoped that the Board would so decide. If the Board decided to call a negotiating conference, he trusted that consumers would be prepared to participate fully in the necessary preparatory work.

268. The representative of another developed market-economy tungsten-producing country, although sharing the frustrations of other producers, considered that in the present circumstances no basis existed for the negotiation of an international commodity agreement on tungsten with economic provisions. Accordingly, the best hope of progress lay in the Preparatory Working Group.

269. The representatives of several developing tungsten-producing countries regretted the lack of interest and intransigence of certain major consuming countries in respect of proposals for international action, after 14 years of related discussions, especially as an adequate period would be provided for further preparations. One of them recalled that the representative of a tungsten-consuming country had pointed to the considerable time during which sterile negotiations had been taking place on tungsten. She also explained that her Government had not been represented at the first session of the Preparatory Working Group on Tungsten because negotiations, rather than mere exchanges of information and views, were urgently needed. Another stated that the attitude of the governments of certain developed market-economy countries in respect of tungsten contrasted with their determination to conclude international agreements on commodities, such as wheat, of interest to them as exporters. He appealed to those countries to demonstrate a spirit of co-operation.

270. The representative of China supported the draft decision submitted by the Group of 77 for the convening of a negotiating conference, which he said would be in conformity with Board decision 166 (XVII) and was the appropriate way to seek to stabilize the tungsten market.

271. At its 13th meeting, on 13 September 1978, the Committee decided to refer draft decision TD/B(XVIII)/SC.I/L.10 to the plenary for consideration. 17/

Consideration in plenary

272. At the 510th meeting, on 17 September 1978, the President of the Board introduced a draft decision (TD/B/L.523) which he had submitted as a result of his informal consultations, and draft decision TD/B(XVIII)/SC.I/L.10/Rev.1 was withdrawn.

Action by the Board

273. At the same meeting, the Board adopted the draft decision in TD/B/L.523, having taken note of the financial implications 18/ thereof (for the text of this decision, see annex I below, decision 175 (XVIII)).

17/ Subsequently the sponsors submitted a revised text of the draft decision (TD/B(XVIII)/SC.I/L.10/Rev.1).

18/ The financial implications of this decision are reproduced in annex VIII below.

274. The representative of the United States referred to a statement by his delegation in Sessional Committee I (see para. 263 above), in which it had briefly reviewed the most recent discussions on a variety of proposals before the Preparatory Working Group on Tungsten. He recalled that every proposal had been rejected by at least one major participant in the tungsten market. It was in that context that his Government did not agree with the decision of the Working Group that another meeting be scheduled. His delegation regarded interim efforts which would successfully develop an adequate basis for further discussions as absolutely essential before it would be able to attend any future meetings of the Working Group. Furthermore, it was premature to suggest that discussions on tungsten should move to the negotiating stage since there was no agreement between producers and consumers on the basis, or indeed the need, for negotiations - a number of possible actions which might evolve from the discussion might not necessarily require negotiation. Accordingly, his Government must enter a reservation with respect to the decision just adopted.

275. The representative of France, speaking also on behalf of Belgium, Italy and the Netherlands, welcomed the fact that consensus had proved possible owing to the goodwill of producing countries. New impetus should be given to the consultations and preparatory work aimed at identifying the elements of an arrangement that would warrant the convening of a negotiating conference, if possible before the end of 1979.

276. The representative of Austria said that Austria was not only a net-importing but also a producing country of tungsten and had participated in almost all of the meetings of the Committee on Tungsten, the Ad hoc Intergovernmental Group of Experts and the Preparatory Working Group established under Board decision 166 (XVII). Like many others, his Government was thus familiar with the problems encountered during recent years. The analysis of the present situation showed - and this was well known - that no consensus existed among the countries interested in tungsten on the kind of action to be undertaken for that commodity. Not one of the various proposals put forward had, up to the present, found the necessary general support of producers and consumers. His Government therefore felt that the present situation was not yet ripe for further action at a more ambitious level.

277. He added that his delegation would have preferred to see the Board not take a decision which - to a certain extent - could prejudice the further course of events; it should rather have remained within the basis of its decision 166 (XVII), which had the advantage of not being prejudicial, and should have requested the Secretary-General of UNCTAD to convene a second session of the Preparatory Working Group at an appropriate time and under more favourable conditions, in order to secure the continuation of the dialogue between producers and consumers. His delegation's understanding was that the nature of the "decision" referred to in the operative paragraph of the decision was in no way prejudged, and must be based on a broad agreement between the governments of the producing and consuming countries concerned. In conclusion, he said that his delegation, despite its reservations, had joined in the consensus on the decision, in a desire not to stand in the way of those countries which felt that it might be possible, even at the present stage, to make progress towards a tungsten agreement, and in an effort to conserve the co-operative spirit which had marked the deliberations and negotiations on this issue at the present session.

278. The representative of Japan, speaking also on behalf of the Federal Republic of Germany and the United Kingdom of Great Britain and Northern Ireland, reiterated the positions expressed by these countries on previous occasions. They welcomed the decision that the dialogue on possible measures to deal with problems in the tungsten market would continue, and would play their part in this. They felt that the concept

of consultations was particularly important and should definitely include consultations between governments so as to develop an adequate basis for dialogue in future meetings. They had joined in the consensus on the decision, however, on the understanding that any positive decision on convening a negotiating conference would arise only from agreement among producer and consumer governments that an adequate basis existed for such action and that a successful outcome could be reasonably expected.

279. The representative of Australia said that the problems of the world tungsten market had been the subject of international discussion within UNCTAD for some 14 years. The most recent effort by the Board to assist in the reconciliation of the views of producers and consumers in the search for a means of stabilizing the international tungsten market had been the establishment of a Preparatory Working Group. This Group had been charged with examining various proposals, including a possible international commodity agreement with appropriate economic provisions, and it was a matter of regret that the work of this Group had not been finalized.

280. As it had stated in Sessional Committee I, the Australian Government was of the view that an international commodity agreement on tungsten was both necessary and feasible. This had also been the stated view of most producers and a number of consumers. While he regretted that the Preparatory Working Group had not completed its work, his delegation was pleased that at the very least it had been possible for members of the Board to agree to the continuation of the dialogue on tungsten within UNCTAD.

281. Bearing in mind the many years of discussions on this commodity, Australia agreed with the objective of the decision that it was necessary, within a reasonable time and with appropriate consultations and preparatory meetings, to move into the negotiating stage. Australia had therefore been able to support the draft decision just adopted.

282. The representative of Canada said that, given the complexity of the issue, a negotiating conference on tungsten would be premature and, indeed, counter-productive. His delegation was concerned that failure of a tungsten conference would cause a setback to co-operation between tungsten producers and consumers, a development which it would view with considerable concern. His delegation believed that the decision just adopted offered producers and consumers the best opportunity in the circumstances to re-open their dialogue and to work together to find the most useful means of introducing at least some measure of stability into what was admittedly a volatile market, with all that such conditions implied for the exporters' earnings and the consumers' access to adequate supplies at reasonable prices. He believed that the process would not be easy nor would solutions be found overnight, but as a tungsten producing and exporting country, Canada had hopes that the process would be fruitful and intended to play its full part in it.

283. The representative of Bolivia considered that the general sense of the decision just adopted was positive. The decision clearly recognized the desirability of proceeding, within a reasonable time, to a negotiating stage aimed at the stabilization of the tungsten market. This would dispel a concern that could have been prevalent until only recently, namely that it was not a lack of political will that was delaying a conclusion of the already lengthy consultations on tungsten but rather a deliberate intention to postpone the matter *sine die*. Delaying tactics would not only have dealt a direct blow to the expectations of producers, they would clearly have had an adverse impact on all the efforts being made by the world community within UNCTAD. Bolivia was confident that the decision just adopted would facilitate the participation of all interested countries in the effort to achieve

the common objective. The work yet to be done would require prudence, patience and careful preparation - and her country was prepared to make its contribution to this effort.

284. The representative of China said that his delegation supported the decision just adopted. It was its view that taking appropriate measures to convene a negotiating conference on tungsten at an early date for the formulation of an international agreement or arrangement on tungsten would contribute to the stabilization of the international tungsten market and to the improvement of the terms of trade for the developing countries. His delegation hoped there would be goodwill on all sides so as to achieve progress in the preparatory work for the negotiations.

3. The exploitation, for commercial purposes, of the resources of the sea-bed and the ocean floor, and the sub-soil thereof, beyond the limits of national jurisdiction (Conference resolution 51 (III))

285. The Board had before it three documents prepared pursuant to its request at the first part of its seventeenth session:

A note by the UNCTAD secretariat outlining developments at the Third United Nations Conference on the Law of the Sea (TD/B/707);

A note by the UNCTAD secretariat, "Implications of the exploitation of the mineral resources of the international area of the sea-bed: issues of international commodity policy" (TD/B/721);

A study by a consultant, "Impact of manganese nodule production from the ocean floor: long-term econometric estimates" (TD/B/721/Add.1).

Consideration in Sessional Committee I

286. The documentation was introduced by the representative of the Secretary-General of UNCTAD.

287. The representative of a developing country expressed his appreciation for the documentation, which he said indicated the adverse consequences for developing countries that might result from the exploitation of the mineral resources of the sea-bed beyond the limits of national jurisdiction. He recalled that the mineral resources concerned included certain minerals under negotiation within the Integrated Programme for Commodities and considered that the Board should maintain a continuing interest in the subject.

288. The same representative, introducing a draft resolution submitted on behalf of the States members of the Group of 77 (TD/B(XVIII)/SC.I/L.2/Rev.1), which called on all States to refrain from adopting legislation or any other measures designed to carry on the exploitation of the sea-bed and ocean floor, and the sub-soil thereof, beyond the limits of national jurisdiction, until an international régime was adopted at the Third United Nations Conference on the Law of the Sea, and referred to the recognition by the General Assembly nearly a decade ago that the resources of the sea-bed beyond the limits of national jurisdiction were the common heritage of mankind and to the opportunity which those resources provided for closing the gap between rich and poor countries. However, the international community's approach was threatened by moves by certain States to exploit those resources while negotiations were still under way to establish an appropriate international régime. Such unilateral actions had no validity in international law and the Group of 77 had accordingly submitted the draft resolution concerned, which was in moderate terms.

289. The spokesman for Group B stated the firm view of the members of his Group that substantive issues relating to the United Nations Conference on the Law of the Sea should be left to that Conference, which was currently in session in New York. The note by the UNCTAD secretariat (TD/B/707) rightly pointed out that at this stage the outcome of that Conference could not be prejudged; Group B countries shared this view. The question raised in the draft resolution should therefore be left to the Conference in view of the ongoing negotiations taking place in New York.

290. In response, the spokesman for the Group of 77 stated that the content of the draft resolution was consistent with General Assembly resolution 2574 D (XXIV) of 15 December 1969 in which the Assembly declared that, pending the establishment of an international régime for the sea-bed and ocean floor, States and persons, physical and juridical, were bound to refrain from all activities of exploitation of the resources of that area. That resolution imposed a direct obligation on all States, and competence in the matter was not limited to any particular conference. UNCTAD was specifically competent in the area in question under the terms of Conference resolution 51 (III). Furthermore, the draft resolution would not impinge upon negotiations in the United Nations Conference on the Law of the Sea because it was designed to prevent unilateral action being taken outside the framework of that Conference. For reasons of principle, and because of the potentially grave economic consequences of unilateral actions to exploit the resources of the sea-bed, the draft resolution was not negotiable and if no consensus could be reached, his Group would ask for the draft resolution to be put to a vote.

291. At its 11th meeting, on 12 September 1978, the Sessional Committee agreed to transmit draft resolution TD/B(XVIII)/SC.I/L.2/Rev.1 to the plenary for consideration.

Consideration in plenary

292. At the 510th meeting, on 17 September 1978, the representative of Peru commended the draft resolution in TD/B(XVIII)/SC.I/L.2/Rev.1 to the Board for adoption.

293. The spokesman for Group B said that the practice of consensus in UNCTAD had been a matter of encouragement to Group B and a sign of the growing effectiveness of UNCTAD as a deliberative and negotiating body. In the interest of all countries, Group B profoundly regretted that efforts to reach consensus on the draft resolution had been abandoned and that it might now be necessary to have recourse to the procedure of voting.

294. The spokesman for Group D said that his Group attached particular importance to the question of the exploitation for commercial purposes of the resources of the sea-bed and ocean floor and the subsoil thereof. A whole range of problems had been discussed at the sixth session of the United Nations Conference on the Law of the Sea, when the participants had succeeded in making further progress and drawing considerably closer on a number of issues. Accordingly, any unilateral actions designed to exploit the mineral resources of the international area of the sea-bed area would be particularly intolerable, and Group D condemned the preparation of any such actions. Any unilateral action in connexion with the sea-bed would violate the relevant resolutions of the General Assembly and the fundamental principles of the international régime of the sea-bed beyond the limits of the continental shelf, which would form the basis for the preparation of a universal convention on the law of the sea. In view of the foregoing, Group D supported the substance of the proposals in the draft resolution.

295. The representative of Peru regretted that certain countries found themselves unable to accept the draft resolution which he said was designed to protect the

international community as a whole and to respect the relevant General Assembly resolutions. Accordingly, he requested that the draft resolution be put to a vote.

Action by the Board

296. At the 510th meeting, on 17 September 1978, the Board adopted the draft resolution in TD/B(XVIII)/SC.I/L.2/Rev.1 by a roll-call vote of 64 votes in favour, 8 against, and 12 abstentions. 19/

297. The representative of Peru said that the resolution which the Board had just adopted had fundamental implications for the defence of the interests of the international community in the face of the threat of unilateral action by the Governments of certain States which, disregarding the agreements adopted in various forums of the United Nations, were seeking to exploit the resources of the international zone of the sea-bed, recognized as the common heritage of mankind, for their own benefit.

298. He said that the Board could not remain indifferent to the announcement of such action, which would have very serious consequences for the execution of the tasks in which UNCTAD was engaged with the purpose of promoting international trade and accelerating the economic growth of the developing countries in particular. The exploitation of the sea-bed beyond the limits of national jurisdiction, without an international régime to govern such exploitation, without an international authority to control it, and without the sharing and distribution of profits among all the owners of that common heritage, would not only constitute an abuse by the States engaging in such exploitation vis-à-vis the other States, but would also have adverse effects on the prices of, and markets for, the minerals produced on land, would reduce the export earnings of developing countries, and would cause further very serious harm to the economies and trade of these countries.

299. He stated that such exploitation would widen the gap between rich and poor nations, between those possessing the financial and technological resources to proceed with exploitation for their exclusive benefit, and those which, for lack of such resources, would be excluded from the common heritage. Thus, what had been conceived as an unprecedented joint enterprise and as one of the pioneering instruments in the establishment of the new international economic order, would

19/ The result of the vote was as follows:

In favour: Algeria, Argentina, Bangladesh, Bolivia, Brazil, Bulgaria, Byelorussian Soviet Socialist Republic, Chile, China, Colombia, Costa Rica, Cuba, Czechoslovakia, Democratic People's Republic of Korea, Ecuador, Egypt, El Salvador, Ethiopia, Gabon, German Democratic Republic, Ghana, Hungary, India, Indonesia, Iran, Iraq, Ivory Coast, Jamaica, Jordan, Kuwait, Libyan Arab Jamahiriya, Madagascar, Malaysia, Malta, Mexico, Mongolia, Nicaragua, Nigeria, Pakistan, Panama, Peru, Philippines, Poland, Qatar, Republic of Korea, Romania, Saudi Arabia, Senegal, Singapore, Sri Lanka, Sudan, Switzerland, Syrian Arab Republic, Thailand, Trinidad and Tobago, Tunisia, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Republic of Tanzania, Venezuela, Viet Nam, Yugoslavia, Zaire.

Against: Belgium, France, Germany, Federal Republic of, Italy, Japan, Netherlands, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Australia, Austria, Canada, Denmark, Finland, Greece, Ireland, Israel, New Zealand, Norway, Spain, Sweden.

become a regressive factor which would promote the hegemony of the most powerful States. He pointed out that for all these reasons UNCTAD had not only the authority but also the duty to react in the face of such a threat, through a resolution which, while not entering into the substance of negotiations conducted at the Third United Nations Conference on the Law of the Sea, was addressed to States acting outside the framework of the Conference.

300. He added that the resolution just adopted by the Board, viewed within its sphere of competence, i.e., in the economic sphere, was consistent with the statements made by the States members of the Group of 77 and other States in the United Nations Conference on the Law of the Sea, i.e. in the legal sphere, and that it might in fact be followed by similar action in the General Assembly of the United Nations, i.e., in the political sphere, where crucial problems of interest to mankind as a whole were debated.

301. It was his delegation's hope that the Governments of those States to which the resolution was addressed would have the good sense to reconsider the matter in time and that they would refrain from undertaking unilateral action which would bring about a very dangerous confrontation for the future of international relations, at a time when all countries were interested in preserving co-operation and mutual respect in order to attain the common objectives of universal justice, peace and well-being.

302. The representative of Switzerland said that, while his delegation had voted in favour of the resolution, it shared the regret voiced by the spokesman for Group B regarding recourse to voting, and considered that the question of a moratorium on the exploitation of the resources of the sea-bed was a matter that was outside the field of competence of UNCTAD. In voting in favour, his country had wished to express its understanding of the concerns to which the resolution referred and to which its authorities had repeatedly drawn attention at the United Nations Conference on the Law of the Sea. Nevertheless, his country did not consider itself bound by any interpretation of paragraph 2 of the resolution to the effect that failure to respect the provisions of a resolution was equivalent to a violation of international law.

303. The representative of Turkey said that his delegation had voted in favour of the resolution because it was convinced that the resources of the sea-bed were the common heritage of mankind, and hoped that the United Nations Conference on the Law of the Sea would develop agreed rules for their exploitation applicable to all. However, its acceptance of paragraph 2 of the resolution was confined to the substance of the resolution itself and did not imply acceptance of a new general principle applicable in all cases.

304. The representative of the United States, speaking also on behalf of Belgium, the Federal Republic of Germany, France, Italy, Japan, and the United Kingdom, said that these countries had voted against the draft resolution because, like Group B as a whole, they considered it inappropriate for the issue of deep sea-bed mining to be raised in UNCTAD when it was currently under discussion in the principal forum in New York. They deplored the manner in which the issue had been presented, and the return to voting in the Board after a long period during which all decisions had been taken by consensus; voting, in their view, threatened to undermine the whole negotiating process which had developed in UNCTAD. Furthermore, they had a different view of the declaration in General Assembly resolution 2749 (XXV) and of the General Assembly moratorium resolution (2574 D (XXIV)), as their countries had expressed at the time, as well as on the question of legality, since they continued to believe that deep sea-bed mining legislation was lawful. He added that they had reaffirmed that view in their votes against or abstentions on Conference resolution 52 (III) at Santiago. In conclusion, he said that, in any case, interim legislation

pending the successful conclusion of a convention would aim simply at ensuring orderly progress in that new field. It would ensure the continuity of investment needed to develop the new technology (which could not in any case lead to commercial mining for a number of years), and would be temporary, that is, it would be superseded as soon as a generally acceptable convention had been ratified and was in force.

305. The representative of the Netherlands, speaking in explanation of vote against the draft resolution, said that her delegation supported the statement made by the representative of the United States in so far as it dealt with the substance of the matter.

306. The representative of Australia said that his delegation had abstained in the voting on the draft resolution. It had done so, however, not for reasons relating to the substance of the resolution but because of its views regarding the appropriateness of UNCTAD as a forum for discussions of the issues raised.

307. The representative of Austria, explaining his delegation's abstention, said that its decision had been motivated by certain procedural considerations related to the negotiations in the United Nations Conference on the Law of the Sea which had to consider those issues further, and also by his country's specific position in those ongoing negotiations. He emphasized that his delegation's abstention did not imply a negative attitude to the substance of the resolution itself, in respect of which it was in agreement.

308. The representative of Canada said his delegation had abstained in the vote on the resolution. His country was sympathetic to those industrialized countries which were under pressure to enact legislation dealing with deep sea-bed mining; however, it distinguished between the right to develop ocean technology and related deep sea-bed activities directed to that end in the absence of a law of the sea treaty, and actual exploitation of the sea-bed in the absence of a treaty. It would support the former but not the latter.

309. His Government saw no urgency for having unilateral sea-bed legislation and remained above all guided by the need to ensure that the negotiations on the law of the sea continued to progress towards successful achievement of a global treaty on ocean uses for the benefit of nations. It believed that anything which might be perceived as inconsistent with the common heritage of mankind concept would interrupt the negotiating momentum and should be avoided.

310. Had the draft resolution been put to the vote on a paragraph-by-paragraph basis, his delegation would have abstained in the voting on the second, third and fourth preambular paragraphs as the resolutions cited therein failed to differentiate between exploration - which his country supported - and actual exploitation, which was unacceptable to Canada in the absence of a law of the sea treaty. His delegation could, however, have agreed with the fifth preambular paragraph as it was an accurate characterization of progress achieved to date at the United Nations Conference on the Law of the Sea in formulating a deep sea-bed mining régime. While the language of the sixth preambular paragraph was not entirely satisfactory, his delegation could also have supported that paragraph, as it expressed concern along the lines of previous statements by Canada in other forums. Similarly, it could have agreed with the final preambular paragraph, as the activities outlined therein would, in the absence of a law of the sea treaty, have serious consequences for the economies and trade of other States.

311. Turning to the operative part of the resolution, he said Canada could have supported paragraph 1 in line with its position that the commercial exploitation of the sea-bed should not commence until after the successful conclusion of a law of the sea treaty. In addition, it would have had no difficulty with paragraph 4 which called for continued efforts to ensure the success of the Law of the Sea Conference. With respect to paragraphs 2, 3 and 5, however, Canada would have abstained; in the case of paragraph 5, this would have been due to his Government's position that a resolution of this nature should be more appropriately dealt with in the United Nations Conference on the Law of the Sea.

312. In view of the foregoing, Canada had abstained with respect to the resolution as a whole, as, in its view, UNCTAD was not the appropriate forum to consider law of the sea issues, in the light of the continuing negotiations in the United Nations Conference on the Law of the Sea. In conclusion, he read out the text of a recent statement by the Canadian Ambassador at the current session of the Conference in New York, made in the course of an exchange of views on the issue of sea-bed mining.

313. The representative of Denmark said that his delegation had abstained in the vote because it considered that UNCTAD was not the appropriate forum for dealing with substantive issues relating to the United Nations Conference on the Law of the Sea, which should be left to that Conference. Its abstention, however, should not be taken as prejudging Denmark's position on the substance of the resolution just adopted.

314. The representative of Finland said that his delegation, in voting in favour of General Assembly resolution 2574 D (XXIV) had expressed its basic attitude on the question of a moratorium. It was its opinion that the substance of the draft resolution just voted on should be dealt with by the United Nations Conference on the Law of the Sea, and it had been on that basis that his delegation had abstained in the voting. This should not be considered as an expression of its position on the matters of substance.

315. The representative of Ireland stated that his delegation had abstained in the voting on the resolution just adopted as it considered the United Nations Conference on the Law of the Sea, at present meeting in New York, to be the proper forum for its consideration.

316. The representative of Israel said that his delegation had abstained in the vote as it considered it inappropriate for a decision to be taken by the Board on a matter that was being dealt with by the United Nations Conference on the Law of the Sea in its various aspects and on a continuing basis.

317. The representative of New Zealand stated that it was on procedural grounds and not on matters of substance that his delegation had abstained in the voting. His Government supported the principle enunciated in General Assembly resolution 2749 (XXV) that the sea-bed, beyond the limits of national jurisdiction, was the common heritage of mankind. But it believed that matters which were within the mandate of the United Nations Conference on the Law of the Sea should not be taken up by the Board.

318. The representative of Norway said that his delegation considered that matters relating to the law of the sea should be dealt with by the United Nations Conference on the Law of the Sea, which had been set up for that purpose. As to

the substance of the resolution just adopted, his Government shared the view that unilateral national legislation on the exploitation of the sea-bed and the ocean floor beyond the limits of national jurisdiction might have undesirable consequences, and was not planning such legislation. Norway did not consider UNCTAD to be the appropriate forum for this issue at the present stage, and had accordingly abstained in the voting.

319. The representative of Spain said that his delegation had abstained in the voting, not because it did not view sympathetically the concerns raised in the resolution, but because it felt that the appropriate forum at present for decisions on the subject-matter was the United Nations Conference on the Law of the Sea.

320. The representative of Sweden said that his Government had voted in favour of General Assembly resolution 2574 D (XXIV) and had not changed its position regarding the substance of that resolution. It considered, however, that the question raised in the resolution just adopted should be left to the United Nations Conference on the Law of the Sea. The fact that his delegation had abstained in the vote did not in any way prejudge its position should the same question be raised in the Conference or in the General Assembly.

B. Trade in manufactures and semi-manufactures
(Agenda item 5 (b))

1. Trade and industrial co-operation between the developed and developing countries

Consideration in Sessional Committee I

321. The representative of the Secretary-General of UNCTAD, speaking also on behalf of the UNIDO secretariat, introduced the joint report by the UNCTAD and UNIDO secretariats on trade and trade-related aspects of industrial collaboration arrangements (TD/B/C.2/188/Rev.1). He pointed out that the economic development of the developing countries required an interrelated approach as regards production and trade, and that UNCTAD and UNIDO had an important role to play in their respective areas of competence. Conference resolution 96 (IV) called for concerted co-operation between the two organizations, in particular as regards the elaboration of specific measures for strengthening the production of, and trade in, manufactures of developing countries. These measures included the identification of industrial activities that could be the subject of industrial collaboration arrangements and the identification of ways of promoting such arrangements in their various forms. A report on the subject submitted by the UNCTAD secretariat to the Committee on Manufactures at its eighth session (TD/B/C.2/179 and Corr.1) emphasized the role of intergovernmental framework agreements in promoting industrial collaboration arrangements. 20/ A subsequent report by the UNIDO secretariat (ID/B/C.3/68 and Corr.1) 21/ examined the ways in which the instrument of intergovernmental agreements might be used as a framework for international industrial co-operation.

322. He recalled that the Secretary-General of UNCTAD, in his opening statement to the Board, had said that the process of economic development and transformation in the developing countries would endow them with a growing range of production capacities, and that, to the extent that the developing countries were already equipped with similar capacities, there must inevitably be a basic and longer-term problem of adjustment and accommodation. The Secretary-General had also noted that the fifth session of UNCTAD would provide the major opportunity to deal with this problem in a global context; the proposal by the UNCTAD and UNIDO secretariats to convene a joint UNCTAD/UNIDO expert group, set out in paragraph 12 of TD/B/C.2/188/Rev.1, dealt with one aspect of the problem, namely that of industrial co-operation. International co-operation between developed and developing countries to promote industrial development had assumed increasing importance with the persistence of slow growth and unemployment in many

20/ Resubmitted to the Committee on Manufactures for consideration at its ninth session (UNCTAD/ST/MD/12).

21/ Circulated under cover of UNCTAD/ST/MD/19 and Corr.1.

countries in recent years. The implementation of practical measures to bring about such co-operation could help solve these problems and thus contribute to an improved and dynamic pattern of world trade and production.

323. He noted that the issues involved were intricate and that there was so far little experience of such agreements because of the small number of countries involved, the particular nature of the agreements, and the relatively short time they had been in operation. An adequate study of the subject would require an interdependent approach, drawing on the knowledge and experience of high-level experts with diverse geographical backgrounds. The proposed expert group could assist UNCTAD and UNIDO in their detailed and in-depth examination of the appropriate trade and trade-related aspects and issues of intergovernmental framework agreements in the context of industrial and trade co-operation. Its proposed terms of reference had been revised to take into account suggestions made at the tenth session of the Permanent Committee of the Industrial Development Board.

324. At its twelfth session, in May 1978, which followed upon the Permanent Committee, the Industrial Development Board had decided to remit the proposal concerning an expert group, as far as UNIDO was concerned, to the Permanent Committee at its eleventh session, scheduled for December 1978, with authority for that Committee, should it deem it appropriate, to take a decision. The Trade and Development Board, at its present session, might therefore wish to request the Secretary-General of UNCTAD, in consultation with the Executive Director of UNIDO, to take the necessary steps to convene the joint Ad hoc UNCTAD/UNIDO expert group once a corresponding decision was taken by the appropriate organs of UNIDO.

325. The spokesman for Group B said that Group B had consistently supported close collaboration between UNCTAD and UNIDO. There was obviously a close relationship between industrialization and expansion of the industrial exports of the developing countries, and accordingly they were very interested in seeing that the work of UNIDO on industrialization and of UNCTAD on trade was closely meshed. The principle of the UNCTAD/UNIDO expert group had been accepted, although decisions remained to be taken on the Group's organization and terms of reference. Group B had understood that it would have been possible for decisions to be taken in parallel by the next sessions of the UNIDO Permanent Committee and of the UNCTAD Committee on Manufactures. Since the Committee on Manufactures, originally scheduled for November 1978, was now likely to be postponed, he sought the guidance of the UNCTAD secretariat on the way it believed the matter should be handled.

326. The spokesman for the Group of 77 stated that a decision on the establishment of an expert group was an important one which should be taken by the Board at its current session.

327. The representative of another developing country stated that international co-operation was of paramount importance to all developing countries, particularly since the task of development planning in those countries involved essentially governments. Industrial co-operation agreements were useful measures in this

regard, and he urged the Board to agree at the present session on action-oriented proposals to speed up and increase the level of international industrial co-operation. The role of industrial development could not be divorced from that of trade, and Conference resolution 96 (IV) itself clearly established a connexion between industrial development, industrial co-operation and trade. Expressing agreement with the proposal to establish a joint group of experts, he stated that its terms of reference could be more clearly defined by incorporating in them a reference to measures to ensure a comprehensive analysis of industrial collaboration agreements.

328. The representative of another developing country commented that the present rate of economic development did not appear to lead to the accomplishment of the Lima target. He pointed out that at the height of the recent economic crisis the developed countries had been helped markedly by the imports of the developing countries, and that such interdependence reflected the need for action to be taken to encourage the redeployment of industry. Restricting imports merely shifted the problem from the developed country concerned to other countries. The work of the group of experts should be in the direction of relocating industries to the developing countries and reinforcing co-operation between developed and developing countries.

329. The representative of a developing country, also speaking in support of the creation of an expert group, considered that such a step would contribute considerably to associating commercial concerns with the work of UNCTAD and UNIDO. It would also be very useful to analyse the type of measures which were necessary to ensure an effective system of readjustment. Both elements would contribute to ensuring greater export incomes for developing countries and closer relations between UNCTAD and UNIDO.

330. The representative of another developing country, referring to the broader context of trade in manufactures and semi-manufactures, stated that the strategy conceived at the fourth session of UNCTAD of improving market access, production and supply capability and the possibilities of marketing and distribution in developing countries remained valid, and needed an even greater thrust. He strongly supported the establishment of an expert group and suggested that its terms of reference should also cover the items referred to in section II, D, paragraph 9, of Conference resolution 96 (IV). The process of adjustment, which was another facet of the strategy of improving production and supply capability, should be the subject of constant and continuing review by the UNCTAD secretariat.

331. The representative of a developed market-economy country said he was impressed by the remarks by the representative of a developing country who stressed the close connexion between industrial development and international trade. In his view, it was natural for two bodies in the United Nations system that had special competence in these areas to co-operate with each other and strengthen their relationship. The establishment of a joint UNCTAD/UNIDO group of experts would be a symbolic step in this direction.

332. The spokesman for Group D stated that the socialist countries were interested in the growth of trade between developing countries and industrial countries and that the basis for co-operation between UNCTAD and UNIDO was section II, D, of

Conference resolution 96 (IV). The activities of UNCTAD should be directed to the acute problems of trade between developing and developed countries, including the improvement of market access for the products of developing countries, the control of restrictive business practices and of protectionism, and the limitation of the influence of monopolies, particularly in regard to the trade of the developing countries. Industrial co-operation should concentrate on increasing production in developing countries and expanding their trade. His Group was in favour of closer relations between UNCTAD and UNIDO in the execution of their respective work programmes, in order to increase the efficiency of both organizations. The exchange of documents and information, as well as joint studies, could be useful in this regard. Group D could not, however, support the proposal to establish a joint group of experts, as proposed in document TD/B/C.2/188/Rev.1. Furthermore, it had financial implications, would increase the workload and result in an unjustifiable expansion of UNCTAD's functions, as well as in duplication of effort by the two secretariats.

333. A draft decision on trade and industrial co-operation between the developed and the developing countries was submitted by Colombia on behalf of the States members of the Group of 77 (TD/B(XVIII)/SC.I/L.8).

334. In connexion with this draft decision the secretariat circulated a statement of financial implications (TD/B(XVIII)/SC.I/L.8/Add.1).

335. Referring to the draft decision, the spokesman for Group B recalled that he had already indicated his Group's support in principle (see paragraph 325 above). They were prepared to join in a consensus on it. Group B believed that the work of the expert group needed to take into account the relationship between Government and firms in their countries' economies. Mutually beneficial industrial collaboration was a matter that could be expected to be of direct interest to their firms. Governments also had an important role to play in creating a favourable climate for industrial collaboration, which would heighten this interest and facilitate the negotiation and implementation of specific agreements. However, their governments had no authority to commit private companies to engage in such industrial co-operation agreements. His Group also considered that it was important that the UNCTAD secretariat, in selecting the experts, pay close attention to the principle of equitable geographical distribution. It believed the secretariat should promptly inform the regional groups concerning the choices it intended to make.

336. At its 15th (closing) meeting, on 15 September 1978, the Committee noted that informal consultations were continuing on the draft decision and that their outcome would be reported to the plenary.

Consideration in plenary

337. At the 510th meeting, on 17 September 1978, the Vice-Chairman-cum-Rapporteur of Sessional Committee I introduced a draft decision (TD/B/L.518) submitted by the Chairman of Sessional Committee I as a result of informal consultations, and draft decision TD/B(XVIII)/SC.I/L.8 was withdrawn.

Action by the Board

338. At the same meeting, the Board adopted the draft decision in TD/B/L.518, having taken note of the financial implications ^{22/} thereof (for the text of this decision, see annex I below, decision 172 (XVIII)).

339. The spokesman for Group D stated that Group D considered that industrial development and trade expansion were interdependent and therefore supported the idea of closer co-operation between UNIDO and UNCTAD. Group D had taken an active part in the search for a mutually acceptable decision aimed at promoting co-operation between the two organizations. In endorsing the decision just adopted, Group D was of the view that the convening of an ad hoc UNCTAD/UNIDO Group of Experts could be useful if its activities helped to ascertain the extent to which the UNIDO programmes on the industrial development of developing countries and the steps taken by UNCTAD in the field of trade policy, including measures to increase access to markets, especially for new products resulting from the implementation of the UNIDO programmes, ensured the balanced development of the industry and trade of developing countries. He added that the content of the views expressed by Group B in Sessional Committee I, as reported in paragraph 335 above, gave cause for concern. If the views included in the report reflected the intention of Group B to take part in the work of the ad hoc UNCTAD/UNIDO Group of Experts only for the purpose of examining the practice of countries of other groups without making a practical contribution of its own, then the advisability of establishing the ad hoc Group became doubtful.

340. The spokesman for the Group of 77 said that the Board, in adopting the decision, had now completed its consideration of the question of the establishment of a joint UNCTAD/UNIDO Group of Experts on trade and trade-related aspects of industrial co-operation. His Group had no doubt that this decision would greatly facilitate a corresponding decision by the Permanent Committee of the Industrial Development Board, and that due recognition would be given in UNIDO to the considerable efforts made by the Board to reach this decision.

2. Restrictive business practices

Consideration in Sessional Committee I

341. In the absence of the Chairman of the Group, the representative of the Secretary-General of UNCTAD introduced the reports of the Third Ad hoc Group of Experts on Restrictive Business Practices on its third, fourth and fifth sessions. ^{23/} He stated that the Chairman had requested him to convey to the

^{22/} The statement of financial implications (TD/B(XVIII)/SC.I/L.8/Add.1) circulated in this connexion is reproduced in annex VIII below.

^{23/} TD/B/C.2/AC.6/10, TD/B/C.2/AC.6/13 and TD/B/C.2/AC.6/18 respectively, circulated under cover of TD/B/717.

Board was high appreciation for the constructive working atmosphere in the Group of Experts, which had led to the valuable results so far achieved.

342. He recalled that in section III of its resolution 96 (IV) the Conference had decided that action should be taken at the international level, particularly within the framework of UNCTAD, including negotiations with the objective of formulating a set of multilaterally agreed equitable principles and rules for the control of restrictive business practices having adverse effects on international trade, particularly that of developing countries, and on the economic development of these countries. It had also decided that action should be taken with regard to the supply, collection, dissemination and exchange of information and the elaboration of a model law or laws on restrictive business practices, in order to assist developing countries in devising appropriate legislation. In order to implement this decision, the Conference had established the Third Ad hoc Group of Experts on Restrictive business Practices to prepare proposals and recommendations in respect of the aspects mentioned.

343. He further recalled that the Group had submitted an interim report (TD/B/C.2/181 - TD/B/C.2/AC.6/7) on its first and second sessions to the Committee on Manufactures at its eighth session, in July 1977, and that the Committee, in its resolution 12 (VIII), had requested the Board to provide, in 1978, for two further sessions of the Group and recommended that the Board, in the light of the final report of the Group, take appropriate action concerning institutional arrangements with regard to the negotiations on principles and rules. Subsequent to providing for the two additional sessions of the Group in 1978, the Board, in April 1978, had decided to request the Group to submit the reports on its third, fourth and fifth sessions to the Board at the first part of its eighteenth session, thereby enabling it to take appropriate action concerning institutional arrangements for the negotiation of a set of multilaterally agreed equitable principles and rules for the control of restrictive business practices having adverse effects on international trade, particularly that of developing countries.

344. He emphasized that at its third, fourth and fifth sessions the Group had made substantial progress, in particular in respect of the set of principles and rules for the control of restrictive business practices, as a result of which agreement had been reached on the majority of the proposed provisions. The set of principles and rules incorporated sections on objectives; definitions and scope of application; principles for the control of restrictive business practices; enterprise behaviour; action by governments at the national and regional levels; and action at the international level, including technical assistance and advisory and training programmes on restrictive business practices, particularly for developing countries.

345. The provisions on which agreement had not yet been reached could be grouped into four categories: those dealing with exceptions in respect of the application of the principles and rules; differential treatment for enterprises

in developing countries; institutional arrangements for implementing and monitoring the principles and rules; and the status of the principles and rules, that is, whether or not they were to be legally binding.

346. No recommendation had been made by the Group concerning further meetings at the expert level. However, it followed from the report of the Group's fifth session that work had not been finished on certain items of its mandate, in particular the model law or laws on restrictive business practices.

347. The spokesman for the Group of 77, introducing draft resolution TD/B(XVIII)/SC.I/L.1, submitted by Colombia on behalf of the States members of his Group, said it took account of the significant progress made at the expert group level and of the nature of the outstanding issues. He hoped the draft resolution would be acceptable to all groups. With regard to the set of principles and rules for the control of restrictive business practices, he noted that, on the basis of the text so far developed at the expert group level, it could contain 50 provisions, of which complete agreement had been reached on 22. On a further 12 provisions, which embodied a large number of sub-provisions, there were 10 on which agreement existed except for one or two words. However, virtually all the outstanding provisions involved issues of a highly political nature, which experts could not be expected to resolve, such as the juridical nature of the principles and rules and exceptions to their scope of application. Each regional group had proposed exceptions. In this context, Group B was proposing privileged treatment for transnational corporations, and that was clearly an issue which could not be resolved by experts. It was thus essential for a negotiating conference to be convened to carry forward this work.

348. The spokesman for Group B said that his Group considered that the draft resolution provided a useful basis for discussion. His Group could accept, by and large, the preambular part of the draft resolution, as well as the first two operative paragraphs, since they too, believed that considerable progress had been made by the Ad hoc Group of Experts. However, with regard to the remaining operative paragraphs, his Group had proposed certain amendments. First, two further sessions of the Group of Experts should be convened to complete its work on the principles and rules and on a model law. Secondly, the fifth session of the Conference should be authorized by the General Assembly to take appropriate action in regard to the convening of a negotiating conference, some time in 1979 or in 1980, on the basis of an assessment of further reports of the Group of Experts, as well as of developments having a bearing on the success of such a conference. Thirdly, the Board should recommend that progress be made in the work on other matters called for in Conference resolution 96 (IV). These proposals were set forth in amendments submitted on behalf of Group B in document TD/B(XVIII)/SC.I/L.4.

349. At the 14th meeting of the Committee, on 15 September 1978, the Vice-Chairman introduced a draft resolution on restrictive business practices (TD/B(XVIII)/SC.I/L.12), submitted as a result of his informal consultations, and draft resolution TD/B(XVIII)/SC.I/L.1 and the amendments thereto in TD/B(XVIII)/SC.I/L.4 were withdrawn. He indicated that, in respect of operative paragraph 3 of the draft resolution, which provided for a three-week session of the Expert Group before the fifth session of the Conference, it was the

understanding of the regional groups that at least one week of that period should be devoted to work on the model law or laws on restrictive business practices.

350. In connexion with the draft resolution, the secretariat circulated a statement of financial implications (TD/B(XVIII)/SC.I/L.12/Add.1).

351. At its 14th meeting, on 15 September 1978, the Committee recommended draft resolution TD/B(XVIII)/SC.I/L.12 for adoption by the Board having noted the financial implications.

Consideration in plenary

Action by the Board

352. At its 510th meeting, on 17 September 1978, the Board, acting on the recommendation of the Sessional Committee, and having noted the financial implications ^{24/} thereof, adopted the draft resolution in TD/B(XVIII)/SC.I/L.12 (for the text of this resolution, see annex I below, resolution 178 (XVIII)).

3. The generalized system of preferences

353. In connexion with this item, the Board had before it a report prepared by the Secretary-General of UNCTAD pursuant to resolution 5 (VIII) of the Special Committee on Preferences, reviewing the existing arrangements for consultations on the Generalized System of Preferences (GSP) and containing suggestions for the improvement of such procedures (TD/B/713). In an addendum to that document (TD/B/713/Add.1) the secretariat had circulated a note by the Commission of the European Communities on various forms of consultations held by EEC with beneficiary countries.

Consideration in Sessional Committee I

354. In an introductory statement, the representative of the Secretary-General of UNCTAD stated that the Special Committee on Preferences had so far carried out four periodic reviews of the GSP, at its fifth, sixth, seventh and eighth sessions, held respectively in April 1973, May 1974, January 1976 and June/July 1977. The reviews had been carried out according to a procedure common to all public meetings of UNCTAD, in the form of statements by individual delegations or spokesmen for regional groups and, to a lesser extent, through questions and answers between preference-receiving and preference-giving countries. Generally, there were no detailed and intensive consultations between the preference-giving and preference-receiving countries on the individual schemes and much time was spent on the preparation and adoption of the Special Committee's report.

355. Although the Special Committee on Preferences was the body within UNCTAD which dealt with questions relating to the implementation of the GSP, consultations on the preferential arrangements of the socialist countries of Eastern Europe

^{24/} For the statement of financial implications (TD/B(XVIII)/SC.I/L.12/Add.1) circulated in this connexion, see annex VIII below.

could also take place within the framework of the sessional committee established at each session of the Board in accordance with Conference resolutions 15 (II), 53 (III) and 95 (IV).

356. He further indicated that consultations on the GSP had not been confined solely to UNCTAD, but had also taken place within GATT, both in connexion with the review of the application of part IV of the General Agreement and in the context of the multilateral trade negotiations. Moreover, bilateral consultations had been held between preference-giving and preference-receiving countries. Certain preference-giving countries also held consultations with regional economic groupings on their respective schemes.

357. These procedures were well known to member States when, at its most recent session, the Special Committee adopted resolution 5 (VIII). In his view, this suggested that the framework of periodic reviews might not have been sufficiently adequate in the past to ensure a more substantial improvement of the GSP. The informal discussions held between the UNCTAD secretariat and the regional groups had served to clarify the position of member States on the improvement of consultation procedures to that end. The suggestions contained in the report by the Secretary-General of UNCTAD might not be readily acceptable to all member States, but it was hoped that they would provide a broad basis on which agreement could be reached at the present session of the Board.

358. In essence, it was suggested in that report that the task of the Special Committee be divided into two parts. First, plenary meetings of a public character would be devoted to issues of general importance, such as the duration of the GSP, its legal status and the principle of non-discrimination. Second, a series of consultations between developing countries, on the one hand, and individual preference-giving countries, on the other, would be organized to allow for intensive private discussions of the individual schemes.

359. He emphasized that, from the point of view of substance, these meetings would be more effective because of the possibility of concentrating efforts on one scheme at a time, and they would allow governments to engage in a full exchange of views on problems encountered, in particular with regard to products of special export interest to beneficiaries. Since the consultations on individual schemes would be confidential in character, the need for adoption of reports or resolutions would not arise. However, Governments if they so wished, would be free to bring any matter of substance arising from these consultations to the attention of the Special Committee in plenary.

360. He added that the timing of the annual sessions of the Special Committee was crucial because three major preference-giving countries which applied their respective schemes on an annual basis had their own review procedures which, however, did not coincide in time. If it proved impossible to set dates for the sessions of the Special Committee which could satisfy the purposes of the intensive consultations with respect to these three major schemes, some flexibility would be necessary so that consultations could be resumed at a more propitious date, for a day or so, on one or more of these schemes. This flexibility should also apply to the other schemes whenever the preference-giving countries concerned announced their decision to conduct domestic reviews.

361. He concluded that if these suggestions for improvement of consultation procedures were accepted, their implementation would not tax heavily the existing resources of the secretariat. He also emphasized that the suggestions would not in any way alter the letter and spirit of the agreed conclusions of the Special Committee on Preferences at its fourth session which, endorsed by the Board in decision 75 (S-IV), constituted the foundations of the GSP.

362. The spokesman for Group B stated that the report by the Secretary-General of UNCTAD seemed to provide a reasonable basis for discussion of future procedures for consultations on the GSP. However, since certain preference-giving countries needed further time to reflect on some aspects of consultations on individual schemes, he suggested that the report be remitted to the next session of the Special Committee on Preferences for consideration and action.

363. The representatives of developing countries stated that improvement of consultation procedures was of paramount importance in view of the persisting shortcomings of the GSP. A major task remained ahead to make the system responsive to the trade needs of developing countries. A host of issues remained to be solved, including: (a) expansion of the product coverage to better reflect the competitive capacity of developing countries; (b) simplification of the rules of origin to facilitate compliance with such rules; (c) restraint in the application of the safeguard mechanism, which so far had resulted in exclusion of countries and/or products from the schemes and (d) protection of developing countries' interests in the face of the erosion of preferential margins which was expected to result from the multilateral trade negotiations.

364. The representative of one developing country stated that his Government favoured the creation of a special committee to supervise the application of the safeguard mechanism by preference-giving countries which invoked market disruption as grounds for changing their preferential schemes. The representatives of Ecuador and Venezuela stated that the United States, contrary to the principle of non-discrimination in Conference resolution 21 (II), continued to use the GSP as an instrument for political retaliation. The representative of Ecuador added that the exclusion of his country from the United States scheme was harming the traditional trade flows between his country and the United States. His Government appreciated the efforts of the Administration to make the necessary legislative amendment in order to give beneficiary status to his country, but regretted that these efforts were constantly blocked by the United States Congress.

365. Referring to the suggestions by the Secretary-General of UNCTAD for improvement of the consultation procedures, the representatives of developing countries stated that these suggestions were sufficiently attractive to merit further consideration. It was obvious that the general discussion and multilateral consultations that had characterized the consultation procedures in UNCTAD were insufficient for an in-depth study of the issues involved. They therefore supported the idea of a series of consultations on specific schemes, but stressed that even such consultations would not ensure achievement of the real aim, which was to give the GSP a firm legal basis in order that their countries could plan their production capacities with a sense of certainty. Private consultations on individual schemes would be a useful adjunct enabling both preference-giving and preference-receiving countries to be aware of each other's intentions over

a certain period. Decisions on this matter should be taken by the Board at its present session and they could not agree to the proposal by Group B to remit it to the Special Committee on Preferences.

366. A draft decision on consultation procedures under the GSP was submitted by Colombia on behalf of the States members of the Group of 77 (TD/B(XVIII)/SC.I/L.7).

367. At the 14th meeting of the Committee, on 15 September 1978, the Vice-Chairman introduced a draft decision submitted as a result of his informal consultations (TD/B(XVIII)/SC.I/L.14), and draft decision TD/B(XVIII)/SC.I/L.7 was withdrawn.

368. At the same meeting, the Committee recommended draft decision TD/B(XVIII)/SC.I/L.14 for adoption by the Board.

369. The spokesman for Group B expressed satisfaction with the outcome of the informal consultations on draft decision TD/B(XVIII)/SC.I/L.7, which had led to the adoption of the draft decision submitted by the Vice-Chairman. He was sure it was the common intent to co-operate in every possible way to ensure that the wholly private and informal procedures now to be established within UNCTAD led to a better understanding and, where possible, to the improvement, as well as to the more effective utilization, of the schemes of preference-giving countries. The new consultation procedures should be seen as a supplement to existing procedures, within UNCTAD and elsewhere, and did not carry any implications concerning the autonomous nature of the schemes of the preference-giving countries of his Group; nor did they imply a commitment to negotiate or to review annually any particular scheme.

370. The spokesman for the Group of 77, expressing the satisfaction of his Group also, stated that the Group of 77 wished to confirm that it regarded the new consultation procedures as additional to procedures that might exist already, both within and without UNCTAD. It understood the decision to mean that no preference-giving country would refuse consultations during sessions of the Special Committee on Preferences if a request for them was made by interested preference-receiving countries. His Group understood the objective of the new consultation procedures to be, as the text of the decision indicated, the continued improvement of the GSP schemes. Acceptance of these consultation procedures would not effect the efforts of developing countries to seek in UNCTAD or elsewhere changes in the system of its character.

Consideration in plenary

Action by the Board

371. At its 510th meeting, on 17 September 1978, the Board, acting on the recommendation of the Sessional Committee, adopted the draft decision in TD/B(XVIII)/SC.I/L.14 (for the text of this decision, see annex I below, decision 179 (XVIII)).

C. Financing related to trade
(Agenda item 5 (c))

1. Insurance

Consideration in Sessional Committee I

372. The report of the Committee on Invisibles and Financing related to Trade on the first part of its eighth session, 25/ which was devoted entirely to insurance, was introduced by the representative of the Secretary-General of UNCTAD, who referred in particular to the two resolutions adopted by the Committee and to its decision concerning the future work programme of the secretariat.

373. He noted that resolution 13 (VIII) (Insurance of large risks in developing countries) stressed the importance of measures at the national and regional levels aimed at strengthening the domestic insurance markets of developing countries and at pooling all local and regional technical knowledge, experience and capacity in underwriting large risks. The Committee had also stressed the need for close co-operation with the leading international insurers and reinsurers.

374. As regards resolution 14 (VIII) (Co-operative insurance), developing countries were urged to take measures to establish, where appropriate, insurance co-operatives, which form of insurance was of particular relevance and benefit to rural and remote areas and to low-income groups. In setting up their schemes, developing countries could draw upon the technical expertise of the international co-operative insurance movement.

375. He noted that the programme of work of the secretariat had been expanded to include four new studies on insurance topics of particular interest to developing countries, which were in addition to the four studies already under preparation.

Consideration in plenary

Action by the Board

376. At its 510th meeting, on 17 September 1978, the Board, in adopting 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 eighth session.

2. Export credit guarantee facility

Consideration in Sessional Committee I

377. In its decision 160 (XVII) the Board requested the Committee on Invisibles and Financing related to Trade to consider the report by the Secretary-General of UNCTAD entitled "An export credit guarantee facility: an examination of technical issues" (TD/B/655-TD/B/C.3/139) and submit its conclusions to the

25/ TD/B/684 - TD/B/C.3/143 (provisionally circulated as TD/B/C.3(VIII)/Misc.3).

Board at its eighteenth session. Since the second part of the eighth session of that Committee was subsequently rescheduled to take place after the eighteenth session of the Board, the Sessional Committee decided to hold only a preliminary discussion of this subject, it being understood that the conclusions of the Committee on Invisibles and Financing related to Trade would be considered by the Board at its tenth special session (see also para. 385 below).

378. The representatives of many developing countries supported the proposal to establish an Export Credit Guarantee Facility (ECGF). They stressed that the establishment of such a facility would help address a number of key problems faced by developing countries in promoting their exports. In their efforts to compete with developed countries, developing countries were required to extend credit on terms comparable to those being offered by their principal competitors; and that posed certain difficulties, particularly in the case of medium or long-term credits. The establishment of a mechanism, such as the proposed ECGF, to help developing countries realise immediately their foreign exchange proceeds from their export transactions would encourage them to extend such credits and enable them to participate more effectively in international trade.

379. The representatives of several developing countries stressed that the creation of such a facility was also of great significance for promoting economic co-operation among developing countries and that its absence hampered efforts in other sectors to promote mutually beneficial international trade.

380. The representative of one developing country stated that the creation of a facility to offer competitive terms on the supply of goods would help overcome the "credit barrier" faced by developing countries. It should be viewed as part of their continuing efforts to expand their export earnings, diversify their economies, obtain a larger share of international trade and thus promote their economic development.

381. The representatives of several developing countries noted that the technical examination undertaken by the Secretary-General of UNCTAD had concluded that a properly constituted facility would expand the access of developing countries to international capital markets in order to refinance their export paper. The analysis in document TD/B/655, supported by a survey of leading financial institutions, showed clearly that export credit paper guaranteed by a sound facility could be refinanced in international capital markets and that the establishment of such a facility was technically feasible.

382. The representative of one developing country stated that the work carried out by the UNCTAD secretariat since the seventeenth session of the Board should be brought up to date and placed before the Committee on Invisibles and Financing related to Trade at the second part of its eighth session. The representatives of several developing countries expressed the hope that the deliberations at that session of the Committee would help provide the necessary impetus towards the establishment of such a facility.

383. The representative of another developing country stated that consideration by the Board at its tenth special session of the conclusions reached by the Committee on Invisibles and Financing related to Trade at the second part of its eighth session should enable progress on this matter to be made at the fifth session of the Conference.

384. The spokesman for Group B expressed his appreciation for the report by the Secretary-General of UNCTAD and for the views expressed by the developing countries at the present session. In the view of Group B the report, together with the supporting documents (TD/B/655/Add.1 and Add.2) should be examined and studied at the second part of the eighth session of the Committee on Invisibles and Financing related to Trade. The conclusions of that Committee should be referred to the Trade and Development Board preferably at its nineteenth session, in view of the nature of the tenth special session.

Consideration in plenary

Action by the Board

385. At its 510th meeting, on 17 September 1978, the Board endorsed the recommendation of Sessional Committee I that the Committee on Invisibles and Financing related to Trade, at the second part of its eighth session, consider the relevant documents submitted to the Board at its seventeenth session (TD/B/655 and Add.1 and 2) and decided that the Board at its tenth special session would consider the conclusions of the Committee on this matter.

3. Effects of the world inflationary phenomenon on the development process

Consideration in Sessional Committee I

386. In the absence of the Chairman of the Group, the report of the Group of High-level Experts on the Effects of the World Inflationary Phenomenon on the Development Process (TD/B/704 and Corr.2) was introduced by the representative of the Secretary-General of UNCTAD.

387. In his view the report represented a milestone in the international consideration of the problem of inflation, in that it reflected a substantial measure of consensus at the levels of both analysis and policy recommendations on a topic which had been discussed in many forums since the second world war but concerning which it had proved difficult to obtain any agreement.

388. He noted that the first part of the report, which was devoted to the analysis of inflation, began by focusing on the situation in developed market-economy countries, whose weight in international economic relations gave them a key role in the generation of world-wide inflationary pressures. While the report did not contain a comprehensive review of thinking on inflation in those countries, it did provide a framework for analysing the significance in the inflationary process of both the principal macro-economic variables and the various institutional rigidities at the domestic level. In its consideration of the situation in the socialist countries of Eastern Europe the experts had noted that the process of price formation was very different from that in developed market-economy countries but that the adverse effect of external inflationary pressure was something which planners in socialist countries had to take into account. In their analysis of the relationship between domestic

mechanisms and inflationary pressures in developing countries the experts had recognized the heterogeneity of this group of economies but had nevertheless stressed that certain widespread economic and social rigidities tended to make them inflation-prone and especially vulnerable to the effects of sharp changes in international prices.

389. In his summary of the sections of the report covering international aspects of the inflationary process, the representative of the Secretary-General of UNCTAD drew particular attention to the passages concerning the asymmetry between the price behaviour of manufactures and of primary commodities. The experts had noted that prices of the latter were subject to wide swings during the business cycle, being highly sensitive to changes in demand, whereas for manufactures the effect of fluctuations seemed to be concentrated more on levels of output. He also called attention to the parts of the report concerning the international transmission of inflation to developing countries, where the experts had pointed to the adverse effect on the balance-of-payments adjustment process in those countries and raised the question of whether current facilities provided adequate support in this area.

390. Summarizing the second part of the report, which contained the conclusions of the experts together with their policy recommendations, he emphasized the fundamental points made in paragraph 85, which had been agreed upon by the experts from developed market-economy countries and developing countries, in particular that in the formulation of policies to combat inflation, a broad spectrum of goals had to be taken into account and that the discussion of inflation must be carried out in the context of wider issues considered in the report. He noted that in their examination of demand management the experts had stressed the different degrees of flexibility available to different countries and had put the case for greater international co-ordination of decision-making with due regard being paid to the effects of actions on all parts of the world economy, particularly the developing countries.

391. He pointed to the general agreement among the experts that protectionist tendencies added to inflationary pressures and that protectionist measures to which recourse was had in the face of adjustment problems should be self-expiring within a definite time limit. On excessive fluctuations in the prices of primary commodities he noted that the experts had agreed that there was a common interest among all countries in reducing this source of instability. He pointed to their concern that policies of slow growth adopted in response to inflation might have a dampening effect on investment, thus hampering the elimination of some of the rigidities which contributed to inflationary pressures. The experts had examined the relationship of the provision of international liquidity to inflation and, as a result, the experts from developed market-economy countries and developing countries had concluded that the present system would not necessarily guarantee the desired level of liquidity, and had supported a stronger role for SDRs, with any additional distribution taking account of the particular needs of developing countries.

392. He concluded by referring to two points (discussed in paragraphs 91-92 and 101-102 of the report) on which the experts from developing countries and from developed market-economy countries had been unable to agree and to a separate set of critical views (paragraph 103) recorded by the experts from the socialist countries of Eastern Europe on some parts of the text of chapter II of the report. He noted that, in accordance with General Assembly resolution 32/175, the report was to be transmitted to the Assembly together with the comments of the Trade and Development Board.

393. The spokesman for the Group of 77 noted that the effects of world inflation on the development process were of utmost concern to the developing countries, calling for special attention to be given to the conclusions in paragraph 85 of the report, on which the experts from developed market-economy countries and developing countries had reached agreement. He noted the view of these experts that in formulating recommendations to combat inflation a broad spectrum of goals needed to be taken into account and that there were interrelationships between essentially short-term policy actions and the long-term growth behaviour of market economies. It was significant that these experts had agreed that the relationship between inflation, unemployment, protectionism, growth and balance-of-payments disequilibrium must be considered in the broader framework of the structural problems existing within developed market-economy countries and the world economy as a whole.

394. He also noted, however, that notwithstanding the significant range of agreement reached by the experts from developed market-economy countries and developing countries, they had been unable to agree on some specific issues to which developing countries attached importance. In particular, as indicated in paragraph 91 of the report, the experts from developing countries felt strongly that, when developed market-economy countries resorted to protectionist measures, such measures should be accompanied by appropriate offsetting measures in favour of those adversely affected. The matter was of special importance to developing countries because of increasing resort to various forms of so-called "voluntary" agreements involving market-sharing and export restrictions which generally operated to the detriment of developing countries.

395. He added that the Group of 77 was in agreement with the experts from the developing countries who had taken the view (paragraph 101 of the report) that a continuation of inflation would require the consideration of mechanisms designed to maintain the real purchasing power of the income from exports of the developing countries. In general, however, the Group of 77 was in broad agreement with the analysis and conclusions reached by the experts from developing countries and hoped that the Board would commend the report to the General Assembly for action. The issue of inflation should be kept under review in appropriate forums, including UNCTAD.

396. The representative of a developing country paid tribute to the quality of the report and the light which the experts had shed on a complex problem. Drawing particular attention to paragraphs 75 and 85 of the report, she noted that the first stressed the importance of social costs in developing countries in the context of understanding the impact on them of the related phenomena of world inflation and recession. She welcomed the stress in the second of these paragraphs on the international and structural aspects of the problem, with its conclusion that solutions would not be found as a result of particular countries taking unilateral action. She considered that the issue of inflation was related to other outstanding problems in the international arena, in particular to the legitimate demands of developing countries concerning growth of their exports at equitable prices and an assured transfer of real resources. She hoped that the international community would adopt the policy recommendations made by the Group of High-level Experts and that for this purpose the General Assembly would decide on appropriate means.

397. The representative of another developing country noted that it was well recognized that inflation was a complex phenomenon with many causes and consequences, which could harm the more vulnerable groups of society and adversely affect developing countries. Many rigid structural features of developing countries made the economies of these historically disadvantaged countries highly vulnerable to the negative effects of world inflation. Domestically, inflation shifted income distribution in favour of richer and

stronger groups to the detriment of the weaker sections of society, resulting in economic and social disorganization and disruption. Likewise - and this was comparatively new in the international community's perception of the phenomenon worldwide inflation had much the same unfavourable consequences for the weaker and poorer countries of the international community.

398. He added that while it used to be believed that some inflation was good for investment, enterprise and growth, the experience of the last two decades or so had thoroughly discredited this theory. In this connexion he referred to the report of the Group of High-level Experts, which showed that since the early 1960s, whereas the rate of inflation had been generally rising, growth in real terms had been declining. Paragraph 46 of the report emphasized that one of the most disquieting aspects of the world inflationary phenomenon had been the one-way transmission of its negative effects, and he noted that under the present world trade, monetary and payments system the developed countries could inflate their export prices far more than their historically disadvantaged trading partners. Indeed, the export prices of developing countries had sometimes witnessed sharp falls, while their import prices continued to rise. As a result, there had been a deterioration in the terms of trade of developing countries and a consequential shift in the distribution of world income in favour of their richer and stronger partners. He stressed that the developing countries had not been able so far to protect themselves against the harmful effects of world inflation, being forced to incur heavy deficits on current account and, in several cases, to curtail their development plans. Summing up the consequences for the developing countries as a whole of both world inflation and sluggish rates of growth, he called attention to the adverse effects on their domestic prices, their balance-of-payments, and their levels of economic activity. While these unfavourable effects could have been mitigated to some extent by appropriate resource transfers and international financing on suitable terms, these had not been forthcoming to the desired extent. Official development assistance (ODA) from member countries of the Development Assistance Committee (DAC) so far in the 1970s had shown a decline in real terms, obliging many developing countries to resort to increased private borrowing, which added to their existing heavy debt burden. In conclusion, he urged offsetting measures in favour of those adversely affected by world inflationary forces over which they had no control.

399. The representative of another developing country, expressing his support for the statement by the spokesman for the Group of 77, regretted that the report of the experts was not more action-oriented and conclusive. He felt that further analysis was an exercise for the future but that in the meantime immediate remedial measures were necessary. The General Assembly should consider recommending interim action in favour of developing countries, which might include increased resource flows on favourable terms, increased transfer of technology, and price stabilization measures envisaged under the Integrated Programme for Commodities. He supported greater policy co-ordination among developed countries, but with the participation of developing countries in their counsels at the highest levels.

400. Welcoming the report of the experts, the spokesman for Group B was pleased to note that the experts from developed market-economy countries and those from developing countries had reached agreement on a large number of conclusions and policy recommendations. However, he pointed out that the report did not necessarily represent in all its aspects the points and views held by governments. Account should also be taken of the fact that the experts came from a limited number of countries. Moreover, the experts from developed market-economy countries had reserved their positions on the conclusions and recommendations contained in paragraphs 91, 101 and 103 of the report, as had been clearly indicated in paragraphs 92, 102 and 104, respectively. He emphasized, however,

that Group B countries wished to state at the same time that they fully supported the conclusion of the experts that policy formulation must include the active participation of all parts of the world economy, including both developed and developing countries.

401. The representative of a socialist country of Eastern Europe welcomed the report of the experts as an important first step in the major and important work in accordance with General Assembly resolution 32/175. However, he considered that the report concentrated on the adverse effects of inflation and gave insufficient attention to its causes and the reasons for its intensification. His country started from the assumption that world inflation resulted from a process involving multiple acute contradictions in capitalist economies and was intensified by the role of monopolies, with their policy of price formation and their close links with capitalist States. World inflation was also stimulated by the excessive expansion of international credit and by shocks in the capitalist monetary system. He further stressed that the mechanism leading to an increase in the money supply redistributed incomes produced in national economies not only within countries but also between them, in favour of those which were the original source of the inflation. He emphasized in this context the role of transnational corporations, with their monopolistic pricing practices. Referring to the role of armaments expenditure in the inflationary process, he stressed that détente and political stabilization would lead to a reduction of inflationary pressure by releasing resources for productive uses. Uninterrupted inflation brought about great losses for the developing countries and in this way, as well as in other ways, affected the interests of all States.

402. He concluded by expressing support for further study of the causes and mechanism of inflation, which should lead to a better understanding of the phenomenon, and stressed in this context the importance of measures which could be taken to make those responsible for the inflation compensate countries genuinely adversely affected by it, as well as the importance of efforts on the part of these countries to restrict the export of inflation.

403. Commenting on these remarks by the representative of a socialist country of Eastern Europe, the representative of a developed market-economy country inquired whether that country thought it useful for the experts of the socialist countries of Eastern Europe to have participated in the work of the group of experts but then to have dissociated themselves from the conclusions of the group. Referring to paragraph 103 (d) of the report, he asked whether the participating experts from socialist countries of Eastern Europe had intended to imply that socialist countries did not constitute part of the world economy.

404. In reply, the representative of the socialist country of Eastern Europe in question said that his delegation thought it useful that experts from his country had participated in the work of the group and that they would continue to do so. The comments made in the report by the experts from the socialist countries of Eastern Europe reflected their view on certain aspects of the problem. As regards paragraph 103 (d) of the report, he said that his country had economic relations with most other countries. So far as the question under discussion was concerned, his country was convinced that inflation did not originate in socialist countries.

405. The representative of another socialist country of Eastern Europe said that the exclusion of countries with planned economies from the world economy mentioned in paragraph 103 (d) of the report referred only to the term "world economy" as it appeared in that report.

4. Transfer of real resources to developing countries

406. The Board had before it a note by the UNCTAD secretariat entitled "Acceleration of the transfer of resources to developing countries" (TD/B/711 and Corr.1) and, as a background document, a report prepared by the UNCTAD secretariat for submission to the Committee Established under General Assembly Resolution 32/174 at its first session (May 1978). 26/

Consideration in Sessional Committee I

407. The representative of the Secretary-General of UNCTAD stated that in its resolution 32/181 the General Assembly requested the Secretary-General of UNCTAD to consider the question of the transfer of real resources to developing countries and to submit a progress report, together with the comments of the Trade and Development Board, to the Assembly at its thirty-third session. That report was now before the Board.

408. There were three broad areas in which he thought the Board might usefully concentrate its attention: first, the compliance of countries with resolutions of the General Assembly, UNCTAD and other international forums regarding the transfer of resources to developing countries; second, developments in the field of international financing, in particular in relation to the development objectives of developing countries; and third, the need for a comprehensive framework for international financial co-operation.

409. With regard to the first area, he drew attention to the fact that net disbursements of official development assistance (ODA) from DAC member countries to developing countries and multilateral institutions, expressed as a ratio of GNP, had declined from 0.34 per cent in 1971 to 0.30 per cent in 1977. However, countries such as the Netherlands, Norway and Sweden not only had attained the 0.7 per cent ODA target, but were reaching or surpassing the level of 1 per cent. On the other hand, the ratio for the three major donor countries members of DAC had tended to decline.

410. Referring to the terms and conditions of ODA, he pointed out that while most of the DAC member countries had attained a target of a 90 per cent grant element of concessionality established in Board resolution 150 (XVI), the Federal Republic of Germany, Japan, and the United States had yet to attain the target. Regarding the terms of concessionality in the case of the least developed countries, a large number of donor countries had already complied with recommendations in the resolution and most of their transfers had been in the form of grants.

411. Drawing attention to the Special Action Programme adopted at the Conference on International Economic Co-operation, which was to provide \$1 billion in quick-disbursing assistance to developing countries, he noted that while implementation of the Programme varied widely from country to country, the bulk of funds available under the Programme was not likely to be disbursed quickly, and much only early in the 1980s. While it was difficult to determine whether the programme constituted in its entirety an additional flow, it was clear that part at least was additional.

412. With respect to the second area, namely the major issues in the field of international financing, he stated that there were three questions which needed to be answered. First, was the over-all net flow of financial resources to

26/ "Transfer of resources in real terms to developing countries" (A/AC.191/7 and Corr.1).

developing countries adequate from the point of view of their development programmes? Second, was the composition of the flow consistent with their development objectives and their capacity to service their debts? Third, was the form in which the flows were provided consistent with the financial requirements of recipient countries?

413. On the first question he noted that there was a growing agreement that the aggregate net flow of financial resources to developing countries fell short of their net capital requirements if they were to attain the objectives of the International Development Strategy. With regard to the second question, he noted the decreasing importance of official development assistance in the provision of long-term finance to developing countries. On the other hand, there had been a dramatic increase in the flow of concessional finance from oil-exporting developing countries to other developing countries. In consequence, the evolution of capital flows in recent years had been almost the opposite of what was envisaged in the International Development Strategy. Instead of 70 per cent of net capital flows consisting of ODA, only 30 per cent was now in that form, with 70 per cent consisting of non-concessional funds.

414. He added that the over-all pattern of financial flows had a number of implications for the distribution of the total flows among developing countries, their external indebtedness and their very pattern of development. If a developing country had to rely almost exclusively upon short-term commercial flows for its external financing, it would have to take a course of action consistent with the market perceptions of its creditworthiness. The result could be heavy investment in areas with quick turnover, perhaps at the neglect of long-term investment that was necessary in infrastructure and from the social point of view.

415. With respect to the third question, namely whether the form in which assistance was being made available to developing countries corresponded to their economic situation, he pointed out that the bulk of the flows to developing countries was in the form of project assistance, which in most cases was tied to procurement from donors. In so far as shortfalls in financing requirements of developing countries resulted from declines in their purchasing power due to world recession and inflation, their needs should have been met through general balance-of-payments assistance, and on terms and conditions consistent with the time required for them to adjust their economies and their balance-of-payments to changes in world economic conditions. In the event, developing countries had been obliged to obtain finance for this purpose primarily from private capital markets.

416. In view of the foregoing, the UNCTAD secretariat had been led to conclude that the time had come for a general evaluation of the whole system of international financial co-operation and an examination of its objectives in the light of the requirements of the recipient countries. What required to be considered was the consistency of the various flows making up the total net financial flow from developed to developing countries and the consistency of these flows with their development objectives. The internationally agreed targets for the transfer of resources to developing countries and growth targets for the developing countries reflected aspirations but had not attained any real significance at the country level. Attention must be focused on ways and means of mobilizing resources internationally and monitoring their flow in an international framework. The experience of the 1960s and 1970s had demonstrated that it was not possible to implement an international strategy based exclusively on annual budgetary appropriations of individual donor countries.

417. Another element that required further examination was the proper mix between long-term concessional flows, private capital flows, short-term capital flows and balance-of-payments support facilities from the point of view of the development objectives that the international community wished to achieve. In

that respect particular attention needed to be paid to consistency between the short-term and medium-term balance-of-payments financing facilities, on the one hand, and the long-term development objectives, on the other.

418. Turning to the question of finance for development, he referred to the Group of High-level Experts that had been convened by the Secretary-General of UNCTAD from 7 to 11 August 1978 pursuant to General Assembly resolution 32/177. The report of the Group was being submitted to the General Assembly, together with comments by the Secretary-General of UNCTAD, in conformity with the resolution. The report was also being made available to States members of UNCTAD (TD/B/722). The major conclusion reached by the Group of High-level Experts was that a facility for the provision of multilateral guarantees designed to enhance developing countries' access to bond markets was desirable. In endorsing the establishment of a facility for multilateral guarantees the Group had considered a number of proposals, including one made by the Governor of the Bank of Greece (TD/B/722, annex I), and another by the Executive Director for Venezuela at the International Monetary Fund (*ibid.*, annex II).

419. The representatives of many developing countries and developed market-economy countries; and the spokesman for Group D, expressed appreciation for the introductory statement by the representative of the Secretary-General of UNCTAD and for the documentation before the Board.

420. The representative of Ghana, speaking on behalf of the Group of 77, stated that both the International Development Strategy and the Programme of Action on the Establishment of a New International Economic Order recognized that the issue of the net transfer of real resources involved a number of interrelated factors in the fields of trade, money and finance. Accordingly, the Strategy envisaged targets for imports and exports by the developing countries and also for net capital flows to them in order to enable them to reach the over-all 6 per cent growth target. However, eight years after the adoption of the targets on financial flows, the ratio of ODA to GNP of DAC member countries, far from having risen to the 0.7 per cent target stipulated by the Strategy, had continued to decline, from a level of 0.34 per cent in 1971 to 0.30 per cent in 1977. That was so despite the commendable efforts of a number of small donor countries, particularly the Netherlands, Norway and Sweden, to increase their aid budgets well beyond the target levels. Those efforts contrasted to the efforts of some of the major DAC member countries, who were allocating a markedly lower proportion of their GNP to ODA budgets than they did at the beginning of the Decade. The efforts of the DAC member countries as a whole also contrasted sharply with those of countries members of OPEC who, in a relatively short span of time, had mounted major assistance programmes through a variety of channels to assist other developing countries.

421. Apart from the volume of ODA, he stated that its quality also remained far from satisfactory. An overwhelming proportion of bilateral assistance continued to be tied to procurement from donor countries. Rapid inflation and frequent changes in exchange rates continued to erode the value of ODA in real terms. Assistance programmes, in his view, were characterized by an absence of priorities regarding the sectors of disbursement and were conceived largely on the basis of priorities determined by the interest of the donor countries. The bulk of assistance, provided in the form of project financing, was fraught with long delays between commitments and disbursements. Its distribution among recipients, furthermore, continued to be determined in accordance with the special interests of donor countries. When account was taken of interest payments, which were included in the ODA target, the level of assistance was far lower than even the figures suggested.

422. He noted that the response of the international community to the crisis of development assistance had been, at best, ad hoc and piecemeal. The emergency operation launched by the General Assembly at its sixth special session and the recent \$1 billion Special Action Programme initiated at CIEC, had not succeeded in increasing the flow of concessional resources from its present stagnating level. The benefits of the Special Action Programme had proved neither timely nor adequate; nor were the resources fully additional. The Programme had been conceived to provide quick assistance to poorer developing countries. On the basis of information contained in document TD/B/711, he noted that the bulk of funds available under the Programme might not be disbursed until the early 1980s.

423. He added that concern regarding the present policies for transfer of financial resources had been the subject of intensive intergovernmental negotiations in several international forums: the sixth and seventh special sessions of the General Assembly, the fourth session of UNCTAD, the sixteenth session of the Board, the Conference on International Economic Co-operation and, more recently, the Committee Established under General Assembly resolution 32/174. These negotiations had not so far succeeded in reversing the present trend which, if allowed to continue, provided no basis for optimism for the next decade and would have important repercussions on the world economy.

424. An area which he said was of particular concern to developing countries was the inadequate volume of official balance-of-payments finance required to safeguard their development process from short-term, externally induced fluctuations. The unprecedented deterioration in the external payments position of developing countries was expected to continue and deteriorate still further during the next two years. Several, in the face of stagnating ODA and lack of access to other sources of finance, had been obliged to undertake severe measures of domestic adjustment. That was particularly the case for the least developed countries, whose rates of growth had been declining. IIF facilities had not been adequately utilized principally because of their onerous terms and conditions requiring, among other things, the adoption of deflationary measures. He stressed that these policy packages often ran counter to the objective of promoting the long-term economic and social development of developing countries. Present conditions of access to balance-of-payments finance were based on the premise that the deficits were short-term and self-reversing, a view which failed to take into account the structural rigidities in developing countries. Because developing countries had insufficient voice in the decision-making process in multilateral institutions, they were unable to exert any real influence on their lending policies and programmes.

425. He added that those countries which had been compelled to resort to the private credit market had suffered in consequence a marked deterioration in the structure of their external indebtedness in recent years, and their ability to service the debt in a manner consistent with their domestic priorities was accordingly constrained. If the pattern of private financing was not to undermine international financial stability and was to continue to provide access to interested countries, it was of utmost importance to institute significantly greater official intermediation, so that resources from private capital markets could be tapped on a continuous basis.

426. He stressed that the Group of 77 continued to attach the highest priority to relieving the debt burden of developing countries and improving the framework for future debt renegotiations. In respect of past ODA debts of the poorer developing countries, the Ministerial session of the Board, in March 1978, had taken a decision which, if faithfully implemented, would have a significant impact. His Group appreciated the action taken by Finland, the Netherlands, Sweden and Switzerland in converting their past ODA loans to some developing countries into grants and, more recently, the action taken by the United Kingdom, which had been specifically in pursuance of the Board resolution. The majority of developed

countries, however, had yet to take steps to implement the Board decision. As regards debt reorganization, he felt that this process should be multilateralized and that priority should be given to a timely solution to the debt-servicing difficulties developing countries faced without rendering their development process more difficult.

427. He queried whether present institutional arrangements, whereby heterogeneous categories of financial flows, generally inadequate in volume, inappropriate in form and imperfectly distributed among both recipients and sectors of their economies, were optimal from the point of view of the developing countries, in particular, and of the world economy, in general. It was now generally conceded that provision of external finance had important positive consequences for both capital-exporting and capital-importing countries. The current world recession would have been much more severe, in his view, if the developing countries had not been able to increase their external indebtedness in recent years to the extent they had actually done so.

428. A major task before the international community should be to effect transfers of financial resources in a comprehensive framework which would seek to embrace the full range of external resource requirements of developing countries. The form, as well as the terms and conditions of external finance, should be consistent with the structural requirements of recipients, on the one hand, and their debt-servicing capacity, on the other. For an individual country, such a system would address problems associated with declines in purchasing power of its exports, debt-servicing difficulties, and externally induced shocks to its economy. At the international level, the lending policies and programmes of the multilateral institutions must be conceived so as to be fully supportive of international development targets. A comprehensive system of resource transfers must also ensure that external finance was rendered more predictable and effectively isolated from short-term economic and political considerations.

429. Concluding, he said that the international community should address itself to the vital issue of the transfer of resources to developing countries in a comprehensive framework, and this should be its approach at the fifth session of the Conference.

430. The representatives of several developing countries expressed their disappointment at the recent trends of ODA from DAC member countries and at the strongly increased proportion of non-concessional flows that had been highlighted by the representative of the Secretary-General of UNCTAD (see para. 413 above). In their view, the continuing world recession, restrictions on the exports of developing countries and the projected worsening in the current-account deficits of many such countries called urgently for a substantially expanded and improved system of compensatory financing and other forms of balance-of-payments support.

431. The representatives of several developing countries stated that the definition of ODA should be looked at afresh. One of them noted that under the existing definition even some export credits appeared to qualify for inclusion. In his view, the definition should be brought more into line with current concepts of concessionality.

432. The representative of another developing country drew attention to the rationale underlying the international norms in the area of financial co-operation. Noting that the major burden of financing their development programmes was borne by their domestic economies, he stated that developing countries had made impressive strides in recent years in raising their domestic savings rates. The transfer of resources to developing countries helped to sustain effective demand in developed countries, since virtually all funds received were spent in the developed countries. In this connexion, he commented on a tentative proposal by Sweden on a massive transfer of resources, which recognized that a properly structured programme would be of benefit to both developed and developing countries.

433. As regards private capital flows in recent years, he stated that such finance, extended on commercial terms, had important benefits for capital-exporting countries. Private export credits promoted their exports and private direct investment helped secure markets, high profits and supplies of vital raw materials. Moreover, the growth of their lending was a source of growing profits to commercial banks in developed countries. Typically extended on a short- to- medium-term basis for projects with a relatively quick pay-off and to countries perceived to be creditworthy, it had emerged as the most important source of additional finance to developing countries. He noted that some \$10 billion of such credits escaped any form of international scrutiny and that, coupled with its volatility, a sudden interruption of the flow could seriously affect the stability of international capital flows as a whole. Measures to stabilize the private capital market were therefore essential.

434. In the view of his delegation a comprehensive system of financial co-operation should seek to establish rules regulating the flow of external finance to developing countries and should recognize the benefits to both developed and developing countries. It should also seek to bring about better co-ordination among national aid programmes, ensure greater automaticity in resource transfers, and formulate detailed guidelines for terms and conditions of assistance, its distribution and a time-frame for its disbursement. Flows should be internationally monitored and the varying needs of developing countries formally recognized. An essential component of such a system would be the formulation of guidelines for debt relief and debt reorganization. Private capital flows should be brought under international scrutiny partly by the establishment of codes of conduct governing private direct investment and partly by greater involvement of international financial institutions, through appropriate guarantees, etc., so as to better blend public and private capital.

435. The representative of Finland stated that the information on ODA for his country in table 4 of TD/B/711 did not reflect the reorientation of its development assistance. At the fourth session of UNCTAD his Government had announced its decision to discontinue the use of development credits as a form of assistance to least developed countries and to extend such assistance in the form of grants. Subsequently, in May 1978, subject to Parliamentary approval, it had decided to write off all outstanding development credits within its bilateral assistance programmes for the least developed countries and other countries in a comparable position. Finally, in order to move more effectively towards the ODA target his country had decided to set a medium-term intermediate target of doubling the present level of ODA.

436. The representative of Sweden stressed the political responsibility facing governments to maintain and further develop public support for increased ODA flows to developing countries only. A small number of countries, including his own, had attained the target of 0.7 per cent or surpassed it, and it was essential that other developed countries should now make renewed efforts to reverse the negative trend of recent years. Apart from quantitative improvements, there was also scope for qualitative changes in ODA, through changes in definition, an increased grant element, particularly for the poorer developing countries, and reciprocal untying of aid. Furthermore, consideration should be given to making commitments to United Nations operational programmes on a multi-year basis, thereby increasing the stability and efficiency of these programmes.

437. He highlighted the apparent paradox of low capacity utilization in industrialized countries, on the one hand, and the increasing needs of developing countries, on the other. Together with the general recognition of

interdependence and mutuality of interest in relations between developed and developing countries, that had prompted a number of ideas for new approaches regarding the transfer of resources. One possibility was an increased transfer of resources on a massive scale with a view to revitalizing the world economy. He stressed that such ideas were only recent in origin and had been introduced in a tentative way; however, well-conceived, concerted action to increase substantially transfers to developing countries would be beneficial to all parties involved. He recalled that several papers specifically pertaining to this issue had been circulated recently in different international forums and that Sweden, at the first session of the Committee Established under General Assembly resolution 32/174 (May 1978) had circulated an informal working document to stimulate further discussion on this issue. While recognizing the need for further in-depth studies before firm conclusions could be reached, he clarified Swedish thinking in three important respects. First, his country felt that substantially increased resource transfers should be seen as supplementing, and not substituting for, regular ODA flows; second, they should not be viewed exclusively in a short-term economic stabilization perspective or as a means of emerging from the present economic recession. Equally important, in his view, was the fact that increased transfers on a massive scale might also contribute to higher growth rates in the world economy and facilitate its long-term structural transformation. Third, increased resource transfers should be so channelled as to fit into the national priorities of the developing countries.

438. The representative of Norway expressed his Government's serious concern regarding the acute financial problems facing the developing countries. He pointed out that Norway's net official disbursements to developing countries had reached 0.82 per cent of its GNP in 1977, compared with 0.71 per cent in 1971, and was expected to reach 1 per cent by 1978. Since the total assistance flow to developing countries had increased in 1977 to 1.52 per cent of GNP, Norway had exceeded both targets of the International Development Strategy. His country continued to provide all its assistance in the form of grants, and in principle the aid remained untied. Fifty per cent of its ODA was channelled through multilateral institutions.

439. He added that the proposal by Sweden regarding a massive transfer of resources was an interesting one which should be pursued further in the relevant forums, and he expressed agreement with the Swedish delegation that an increase in the transfer of resources should not be a substitute for, but a supplement to, regular ODA flows. Stressing the need for increased ODA to poor countries, he referred to the statement made in plenary by his delegation on behalf of the Nordic countries under agenda item 6 (c) entitled "Progress in the implementation of special measures in favour of the least developed among the developing countries" (see paras. 487 and 488 below).

440. Referring to measures taken by a number of developed countries to provide debt relief to developing countries, the representative of Australia pointed out that his country's assistance programme was entirely in grant form and that the estimated level of its assistance for the fiscal year 1978/79 would be 8.7 per cent higher than 1977/78.

441. The representative of Denmark recalled that the Danish Minister speaking at the Ministerial session of the Board in March 1978 had promised to consider a further softening of the terms of ODA for the least developed countries. Already two weeks later, his Government had taken action in respect of such a further softening. Moreover, in pursuance of Board resolution 165 (S-IX), it had since decided to enter into negotiations with individual least developed countries who felt they had a need for debt relief. Such negotiations had already been started with Bangladesh. He added that aid from his country was approaching the 0.7 per cent target and that this target would be reached by 1979.

442. The representative of Austria drew attention to a plan of action his country had advocated, already at an early stage of the discussions on an increased transfer of resources, and which would serve the interdependent interests of developed and developing countries alike by providing additional resources, especially for infrastructural development programmes, stimulating non-inflationary economic growth and facilitating the process of structural adjustment. He hoped that the various suggestions made in this regard would be followed up by a study prepared by the United Nations Secretariat and expressed his country's readiness to take an active and constructive part in the evolving dialogue. His country was fully aware that external indebtedness constituted a grave obstacle to the accelerated development of developing countries, especially the poorest among them, who had limited export earnings and virtually no access to international capital markets. As already indicated at the Ministerial session of the Board, his Government was willing to participate in actions in favour of developing countries most in need and, subject to Parliamentary approval, it would provide debt relief for a number of most seriously affected and land-locked developing countries. Unlike flows of private development assistance, which had reached their target, he recognized that Austria's ODA was still below the 0.7 per cent target. He stressed, however, that it had tripled from 1971 to 1977 despite the considerable turbulence in the world economy and that his country was among those which provided assistance to least developed countries on a grant basis.

443. The spokesman for Group D stated that, while the documentation before the Board provided much factual material, it failed to give full reasons for the sharp worsening of the external financing problems of developing countries. In the view of his Group the increased share of private capital in total flows to developing countries from developed market-economy countries was a major cause of the massive outflow of financial resources from developing countries in the form of profit repatriation and high interest payments, which amounted to billions of dollars and exceeded the inflow under so-called official development assistance. He pointed out that the socialist countries had for some time been stressing the importance of examining the outflow of financial resources from developing countries. He suggested that the UNCTAD secretariat examine the negative aspects associated with the operations of private capital in developing countries.

444. Noting that credit relations of socialist countries with developing countries were of a different nature than those of developed market-economy countries with developing countries, he recalled the position of principle of Group D countries when the Board adopted resolution 150 (XVI). 27/

27/ Official Records of the General Assembly, Thirty-first Session, Supplement No. 15 (A/31/15), vol. II, para. 163.

D. Shipping 28/
(Agenda item 5(d))

Consideration in Sessional Committee I

445. Introducing the report of the Ad Hoc Intergovernmental Working Group on the Economic Consequences of the Existence or Lack of a Genuine Link between Vessel and Flag of Registry (TD/B/C.4/177), the representative of the Secretary-General of UNCTAD recalled that the Working Group had been convened pursuant to decision 33 (VIII) of the Committee on Shipping. He drew attention to the resolution unanimously adopted by the Working Group in which it:

- Determined the elements which are normally relevant when establishing whether a genuine link exists between a vessel and its country of registry;
- Concluded that the expansion of open-registry fleets had adversely affected the development and competitiveness of fleets of countries which did not offer open-registry facilities, including those of developing countries;
- Concluded that further work needed to be undertaken within UNCTAD in this field, and suggested a number of topics in this connexion.

446. He noted that the Committee on Shipping had requested the Secretary-General of UNCTAD to report on the outcome of the meeting of the Working Group to the Committee at its ninth session or to the Conference at its fifth session, whichever took place earlier. Since no session of the Committee on Shipping was envisaged before the fifth session of the Conference, he invited the Board to take note of the report of the Working Group and endorse the decision of the Committee on Shipping that the report be transmitted to the fifth session of the Conference.

Consideration in plenary

Action by the Board

447. At its 510th meeting, on 17 September 1978, the Board, acting on a recommendation of Sessional Committee I, took note of the report of the Ad Hoc Intergovernmental Working Group on the Economic Consequences of the Existence or Lack of a Genuine Link between Vessel and Flag of Registry (TD/B/C.4/177) and requested the Secretary-General of UNCTAD to transmit the report to the Conference at its fifth session.

E. International multimodal transport
(Agenda item 5 (e))

448. Under this item the Board considered the work of the Ad hoc Intergovernmental Group on Container Standards for International Multimodal Transport and that of the Intergovernmental Preparatory Group on a Convention on International Multimodal Transport. In connexion with the Intergovernmental Preparatory Group on a Convention on International Multimodal Transport the Board had before it the reports of the Intergovernmental Group on its first, second, third and fourth sessions (TD/B/477, TD/B/533, TD/B/602, TD/B/640 and TD/B/682).

^{28/} An account of the Board's review of the terms of reference of the Committee on Shipping and of its adoption of decision 169(XVIII) containing an addendum thereto, is given in paras. 605-619.

Consideration in Sessional Committee I

449. The representative of the Secretary-General of UNCTAD noted that the second session of the Ad hoc Intergovernmental Group on Container Standards for International Multimodal Transport would be held from 20 November to 1 December 1978 and that in accordance with Board decision 157 (XVII) the Group was to report to the Board at the second part of its eighteenth session. Since the Board had decided, at its 497th meeting, on 29 August 1978, that there was no need to hold a second part of the eighteenth session, he suggested that the report be considered by the Board at its tenth special session.

450. In respect of work on a convention on international multimodal transport, he noted that a fifth session of the Intergovernmental Preparatory Group was scheduled from 18 September to 6 October 1978, when he expected that all efforts would be made by the Intergovernmental Group to conclude its work. Should the Intergovernmental Group succeed in completing its work at its fifth session, the Board might wish to authorize the Group to submit to the General Assembly, at its thirty-third session, through the Economic and Social Council, its recommendations concerning the convening of a conference of plenipotentiaries on a convention on international multimodal transport.

451. In conformity with the decision of the Group at its fourth session, the Board might also wish, subject to confirmation by the Group at its fifth session, to make provision in the calendar of UNCTAD meetings for 1979 for a sixth session, to cover the contingency that the Group was unable to complete its work at its fifth session.

Consideration in plenary

Action by the Board

(i) Container standards for international multimodal transport

452. At its 510th meeting, on 17 September 1978, the Board, acting on the recommendation of Sessional Committee I, decided to consider at its tenth special session the report of the Ad hoc Intergovernmental Group on Container Standards for International Multimodal Transport on its second session.

(ii) Convention on International Multimodal Transport

453. At the same meeting, also acting on the recommendation of Sessional Committee I, the Board:

- (a) Took note of the reports of the Intergovernmental Preparatory Group on a Convention on International Multimodal Transport on its first, second, third and fourth sessions;
- (b) Authorized the Intergovernmental Preparatory Group, should it complete its work at its fifth session, to submit to the General Assembly, at its thirty-third session, through the Economic and Social Council, its recommendations concerning the convening of a conference of plenipotentiaries on a convention on international multimodal transport; 29/
- (c) Decided to include a sixth session of the Intergovernmental Preparatory Group in the calendar of meetings for 1979, subject to confirmation by the Group at its fifth session that a sixth session would be required. 30/

29/ See annex I below, "Other decisions", section (h).

30/ A statement of financial implications (TD/B/L.506/Add.1) circulated in this connexion is reproduced in annex VIII.

F. Economic co-operation among developing countries
(Agenda item 5 (f))

Consideration in Sessional Committee I

454. The representative of the Secretary-General of UNCTAD introduced the report of the Working Party on Trade Expansion and Economic Integration among Developing Countries (TD/B/702), convened from 10 to 18 April 1978 in accordance with Board decision 155 (XVII). He said that in convening the meeting, the Secretary-General of UNCTAD had taken into account, in particular, the decisions of the Committee on Economic Co-operation among Developing Countries which, in paragraph 2 (b) (i) of resolution 1 (I), had called upon him "in establishing the UNCTAD work programme on economic co-operation among developing countries, to give special priority to ... the intensification of ongoing work and activities relating to ... the strengthening of subregional, regional and interregional economic co-operation and integration;".

455. The representative of a developing country stated that the decisions and resolutions adopted by the General Assembly, in UNCTAD, and by the Group of 77 and the non-aligned countries on the subject of economic co-operation among developing countries had increasingly consolidated the concept as one fundamental to the establishment of a new international economic order and intimately linked to the objective of promoting a system of collective self-reliance among developing countries. In particular, decisions and resolutions adopted within UNCTAD and by the General Assembly had explicitly recognized that, while efforts undertaken by the developing countries in the field of economic co-operation were of direct concern only to them, their objectives could not be reached without concomitant action on the part of developed countries and of international organizations, which in turn had committed themselves to giving support and facilitating the implementation of measures of economic co-operation among developing countries. In this connexion, he drew attention to the various recommendations of the Working Party, several of which called for such support and other action by UNCTAD in relation to specific, concrete areas of economic co-operation identified by the Group of 77 at their Conference on Economic Co-operation among Developing Countries.

456. The representatives of several developing countries supported the conclusions and recommendations of the Working Party and called attention, in particular, to the guidelines in various areas of economic co-operation identified at the Mexico City Conference. They noted that in the field of trade these recommendations related to the establishment of a global system of trade preferences among developing countries, co-operation in State trading and the setting up of multinational marketing enterprises. In the field of production and joint investment special consideration had been given at Mexico City to co-operative action in respect of agriculture, agricultural inputs and agro-industrial development. In other areas in which the Group of 77 had invited support, such as industrial co-operation, co-operation in engineering and consultancy services, improvement of the transport and infrastructure linked to trade, and monetary and financial co-operation, the Working Party had made a number of suggestions.

457. The representative of China expressed the view that economic co-operation among developing countries, on the basis of equality and mutual benefit, should contribute to the struggle by developing countries to overcome exploitation and to the establishment of a new international economic order. In his view, the Working Party, which had elaborated further on the measures adopted by the developing countries at the Mexico City Conference, should be of assistance in the implementation of the objectives established by that Conference. China supported the efforts of developing countries to achieve those objectives and considered that all countries should likewise make a joint effort to promote initiatives in this field.

458. The representative of Turkey confirmed his country's support for economic co-operation among developing countries as a basic component in the establishment of a new international economic order. In his view, the work of the Committee on Economic Co-operation among Developing Countries reinforced and widened the scope of economic co-operation at the global and regional levels. He supported the recommendations made by the Working Party on various trade issues, such as support for the establishment of a global system of trade preferences among developing countries, in relation to which the Protocol negotiated in GATT by a number of developing countries already constituted an important and useful instrument. He hoped that the expansion of this Protocol in terms of the number of participating countries, as well as of tariff and non-tariff preferences, and also in terms of products, so as to include commodities and agricultural products, would constitute a good basis for contributing to and facilitating the implementation of such a global system of preferences among developing countries. He added that the establishment of this global system on trade matters alone would not be a sufficient impetus to improving trade relations among these countries. Hence this measure should be reinforced by others in the field of economic co-operation, covering, inter alia, production, financing, transport and communications.

459. He further stated that Turkey, as a developing country, was already co-operating closely with other developing countries of her region within the framework of Regional Co-operation for Development, and was ready to deploy all efforts to participate actively in and contribute to the work on implementation of economic co-operation among developing countries in many fields, on a regional or global basis.

460. A draft resolution on economic co-operation among developing countries was submitted by Colombia on behalf of the States members of the Group of 77 (TD/B(XVIII)/SC.I/L.6).

461. In connexion with this draft resolution, the secretariat circulated a statement of financial implications (TD/B(XVIII)/SC.I/L.6/Add.1).

462. The spokesman for Group B reaffirmed the particular importance of economic co-operation among all developing countries, which it viewed as fundamental not only to the economic development of developing countries but also to the strengthening of economic relations between developed and developing countries. Economic co-operation among developing countries and co-operation between developed and developing countries should not be regarded as alternative options, but as complementing each other, and should be promoted simultaneously. It was in this spirit that Group B would continue to support action by UNCTAD in favour of economic co-operation among developing countries which would be provided on a universal basis. Group B welcomed the positive outcome of the consultations that had taken place on the provisional agenda for the second session of the Committee on Economic Co-operation among Developing Countries. Noting, however, that Governments had not been represented at the Working Party on Trade Expansion and Economic Integration among Developing Countries, he nevertheless urged the Board, in view of the importance that his Group attached to the subject matter, to transmit to the Committee on Economic Co-operation among Developing Countries at its forthcoming second session both the report of the Working Party and the draft resolution submitted at the present session by the Group of 77 (TD/B(XVIII)/SC.I/L.6), for consideration by that Committee.

463. The spokesman for the Group of 77 expressed his disappointment that Group B was unwilling to give adequate consideration at the present session to the proposals of his Group, since in his view the Sessional Committee had ample time to consider these issues, which were the only ones calling for action by the Board under

agenda item 5 (f). He pointed out that the report of the Working Party had been circulated sufficiently in advance of the session to allow for adequate consideration of its recommendations, and there was therefore no reason for the Board to remit consideration of its recommendations to one of its subsidiary bodies. Another and more important reason why the Board itself should consider the report and act on the draft resolution submitted by his Group was that only the Board could decide on the calendar of meetings for 1979, and the financial implications of its decisions had to be considered by the General Assembly at its thirty-third session. Hence if the Board itself did not act on the draft resolution, but left it to the Committee on Economic Co-operation among Developing Countries, the opportunity would be missed for the UNCTAD secretariat to convene the meetings proposed by the Group of 77 during the whole of 1979.

464. On the question of UNCTAD's responsibility for responding duly to requests made to it by the Group of 77, he cited paragraph 4 of General Assembly resolution 32/130 of 19 December 1977, which "urges the specialized agencies and other organizations of the United Nations system, in accordance with their established procedures and practices, to support measures of economic co-operation among developing countries, including, as and when requested, the continued provision of the necessary secretariat support services and other suitable arrangements to facilitate the holding of meetings by the developing countries in pursuance of the objectives of economic co-operation among developing countries". In his view, the draft resolution submitted by the Group of 77 constituted a request by that Group in conformity with this provision. He also referred to paragraph 6 of the same resolution, which "urges developed countries to provide appropriate support, as and when requested by the developing countries, for the implementation of measures of economic co-operation among developing countries". In his view, the draft resolution was framed entirely in the letter and spirit of these provisions and there was therefore no need or reason to delay further a decision on this matter.

465. At its 15th (closing) meeting, on 15 September 1978, the Committee noted that informal consultations on draft resolution TD/B(XVIII)/SC.I/L.6 were continuing and that their outcome would be reported to the plenary.

Consideration in plenary

466. At the 510th meeting, on 17 September 1978, the Vice-Chairman-gum-Rapporteur of Sessional Committee I introduced a draft decision (TD/B/L.522) which had been submitted by the Chairman of Sessional Committee I as a result of informal consultations.

Action by the Board

467. At the same meeting, the Board adopted the draft decision in TD/B/L.522 (for the text of this decision, see annex I below, decision 174 (XVIII)).

468. The representative of Mexico stressed that among the documents to be transmitted to the Committee on Economic Co-operation among Developing Countries at its second session under paragraph 1 of the decision just adopted was the draft resolution submitted by the States members of the Group of 77 in TD/B(XVIII)/SC.I/L.6. 31/

31/ The text of this draft resolution is reproduced in annex IV below, section D. The statement of financial implications (TD/B(XVIII)/SC.I/L.6/Add.1) circulated in this connexion is reproduced in annex IX below.

CHAPTER V

OTHER PARTICULAR MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT

(Agenda item 6)

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

(Agenda item 6 (a))

469. In this connexion, the Board had before it the report of the Joint Advisory Group on its eleventh session (ITC/AG(XI)/57), which had been circulated under cover of TD/B/714.

470. The representative of Argentina, speaking on behalf of the Chairman of the eleventh session of the Joint Advisory Group, summarized the major recommendations contained in the report of the Group on its eleventh session. He noted that the Group's deliberations had dealt with six main themes, on which the following recommendations had been made:

(a) In reviewing the Centre's assistance programme in 1977, the Group had noted the decreasing share of UNDP in the Centre's total assistance resources, and encouraged the centre to pursue efforts to expand UNDP's share; to broaden its financial base through strong funding efforts; and to establish three-year rolling programmes in order to improve programme delivery and enhance the impact of its assistance programme.

(b) As regards the content and future direction of the Centre's programme, the Group had recommended that continued increased attention be given to: fostering trade expansion among developing countries through the dissemination of trade information; providing marketing support to developing countries as a follow-up of trade negotiations, and in complement of the work of various trade policy organizations; strengthening the Centre's market development activities, its cadre of functional advisers, its programme of assistance in import operations, and its role within the United Nations programme of Technical Co-operation among Developing Countries (TCDC); increasing and broadening the Centre's assistance to the least developed countries on all trade promotion aspects, including institutional strengthening, training, market development, trade information and import operations, while pursuing strong efforts to secure flexible trust fund facilities to provide urgent support to these countries; promoting increasing contacts between the Centre and the socialist countries, preferably within the framework of a global UNCTAD programme of assistance, which would also include participation of the regional commissions of the United Nations; pursuing training programmes in developing countries, particularly including the training of instructors, fostering co-operative efforts among developing countries to strengthen the competitive position of basic commodities, including continued action in support of the International Institute for Cotton (IIC), and initiation of market development and promotional work on jute and jute goods.

(c) The Group had taken note of and encouraged continued pursuit of the Centre's initiatives to maintain and strengthen its working relations with other bodies, particularly FAO, UNIDO, the World Bank, UNDP, the regional commissions, the EEC, the International Organization for Standardization (ISO), the Commonwealth Fund for Technical Co-operation and the Commonwealth Secretariat.

(d) The Group had also been informed of the organizational changes that had been implemented by the Centre as a result of the organization and methods study conducted by a firm of management consultants in late 1977, which were expected to improve the Centre's capability for the provision of technical assistance.

(e) As concerned changes in the composition and working methods of the Centre's intergovernmental consultative mechanisms, the Group had recommended that the composition of the membership of its Technical Committee should be based on the principle of self-election, and that eligible members should be composed of experts or specialists in trade promotion, as well as officials responsible for the operation of national trade promotion activities, nominated by governments. The Group had also recommended that representatives from the least developed countries should be encouraged and aided to participate in the Technical Committee.

(f) The Group had taken note of voluntary contributions which various governments intended to offer in support of the Centre's assistance programme in 1978, and a number of delegations from developing countries, while expressing appreciation for such support, voiced the hope that other countries would join in this international effort in the near future.

471. The spokesman for the Nordic countries expressed his support for the work of the Centre, and noted that in view of the importance of security for the Centre, a broad funding base was required, capable of providing adequate support to the Centre's expanding technical co-operation programme. The Nordic countries believed that the present number of countries currently providing voluntary contributions to the Centre was too small in relation to the significant support that the Centre deserved from the international donor community as a whole. He indicated satisfaction with the Centre's intention to move away from projects financed and programmed on a year-to-year basis to longer term project planning through rolling programmes, as this would improve considerably programme delivery, enhance a result-oriented approach and provide the flexibility needed to assist effectively the least developed countries.

472. The representative of one developing country expressed support for the commendable work undertaken thus far by the Centre, and noted with particular interest the Centre's initiatives in the field of promoting co-operation efforts as regards the market development and promotion of tea and jute, and in promoting technical co-operation among developing countries in all aspects of trade promotion. He also noted that the Centre might find it useful to pursue similar initiatives for the promotion of industrial collaboration and joint ventures among developing countries within the framework of the Centre's country programme, as this would result in the enhancement of trade flows and build up horizontal linkages among the different country programmes. He stated that his country had made a contribution to the Trust Fund of the Centre and expressed the hope that other developed and developing countries would join the present voluntary contributors to the Centre's assistance programme.

473. The representative of another developing country endorsed the statements made by the spokesman for the Nordic countries, and noted that the resources presently available to the Centre were inadequate, and that the participation of other donor countries was essential. He stressed the importance of continued work by the Centre for the market development and promotion of jute and jute goods, and of expanding the Centre's assistance on behalf of the least developed countries. He said that the Centre was doing extremely good work in its sphere of activity and that adequate funds would only strengthen its hand. He then referred to the decisions of the Joint Advisory Group launching market development and market promotion activities by the Centre for Jute and Jute Goods which had been fully endorsed by the Preparatory Meeting on Jute and Jute Products under the Integrated Programme. He stated that two of the five producers of jute were least developed countries and it was essential that producers receive full support from the international community in this regard. He requested the Centre urgently to implement the decisions of the Joint Advisory Group.

474. The representative of a socialist country of Eastern Europe expressed his mainly positive attitude to the report of the Joint Advisory Group, and particularly with respect to the decision to have the sessions of the Technical Committee convened six weeks before the session of the Group. He referred to paragraph 16 of the report of the Group and noted that the Centre intended to complement the work of other trade policy organizations. In his view, questions of trade policy were beyond the terms of reference of the Centre. The Centre should exercise care in limiting its work to the types of activities falling within its field of competence which dealt particularly with the provision of technical assistance. He noted that his Government could not agree with the view expressed in paragraph 51 of the report of the Technical Committee that the promotion of trade between the developing countries and the socialist countries should be financed from voluntary contributions by the latter. He considered that the actions which had been taken so far by the Centre for the development of trade between the developing countries and the socialist countries did not yet correspond to the size of the global contribution of the socialist countries to the Centre. As regards paragraph 1 of appendix II to the report of the Technical Committee, which contained provisions concerning the principle recognized within the United Nations of equitable geographical distribution, he stated that the question of geographical distribution was a principal one, and confirmed the disagreement of the representatives of the socialist countries at the eleventh session of the Group with the way in which this question had been treated. He noted that while in paragraph 66 of the report of the Group reference was made to corresponding changes that were to be made in appendix II of the report of the Technical Committee, those changes had not in fact been made in the report.

Action by the Board

475. At its 507th meeting, on 12 September 1978, the Board took note of the report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT and of the recommendations contained therein. It also took note of the statements made in this connexion.

B. Progressive development of the law of international trade: eleventh annual report of the United Nations Commission on International Trade Law
(Agenda item 6 (b))

476. At its 509th meeting, on 15 September 1978, the Board took note of the report of UNCITRAL on the work of its eleventh session (A/33/17), 32/ which had been circulated under cover of TD/B/720.

C. Progress in the implementation of:

- (i) Special measures in favour of the least developed among the developing countries
- (ii) Specific action related to the particular needs and problems of developing island countries
- (iii) Specific action related to the particular needs and problems of land-locked developing countries
(Agenda item 6(c))

1. Special measures in favour of the least developed among the developing countries

477. The Board had before it under this item the report of the Meeting of Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the Least Developed Countries (TD/B/681 and Add.1); the report of the Intergovernmental Group on the Least Developed Countries on its second session (TD/B/719); and a progress report prepared by the UNCTAD secretariat pursuant to Economic and Social Council resolution 2124(LXIII) on the implementation of special measures in favour of the least developed countries (E/1978/86, parts I and II).

478. The representative of the Secretary-General of UNCTAD, introducing this item, noted that, despite some progress in the implementation of special measures in favour of the least developed countries already agreed upon, the overall economic picture for the group of least developed countries as a whole remained exceptionally bleak. During the 1960s, their real per capita GDP had grown at a rate of only 0.9 per cent per annum. Between 1970 and 1977, the rate had been even lower (an annual average of 0.6 per cent), with 11 of these countries experiencing an actual decline during that period. This contrasted with a growth performance by all developing countries for the same period of 2.7 per cent per capita, in itself below the growth rate of 3.5 per cent per capita called for in the International Development Strategy for the Second United Nations Development Decade. Thus, the income gap was widening vis-à-vis other developing countries, as well as relative to developed countries. Moreover, measured in real per capita terms, the least developed countries as a group actually recorded declines between 1970 and 1977 in the following key areas: agricultural production, manufacturing output, gross domestic investment, export purchasing power, and import volume. For all of these per capita indicators, as well as for GDP itself, the overall performance of the least developed countries in the 1970s had been weaker than in the 1960s.

32/ For the printed text, see Official Records of the General Assembly, Thirty-third Session, Supplement No. 17 (A/33/17).

479. While concessional financial flows to the least developed countries, measured in real per capita terms, had increased during the 1970s, these increases had been offset by lower export receipts, and the total foreign exchange availabilities of the least developed countries in real per capita terms had remained almost unchanged from the mid-1960s to 1976. Efforts to improve the critically weak foreign trade situation of the least developed countries included the convening of an ad hoc group of experts by UNCTAD, in accordance with paragraph 36 of Conference resolution 98 (IV), scheduled for late 1978, to consider innovative approaches and new policy measures to expand the exports of the least developed countries and to examine the possibilities for more efficient procurement of their imports at minimum cost.

480. A special meeting of representatives of multilateral and bilateral financial and technical assistance institutions with representatives of the least developed countries had been held at Geneva in October/November 1977, in accordance with paragraph 35 of Conference resolution 98 (IV). This donor/recipient Meeting had carried out a general review and assessment of the requirements and progress of the least developed countries. The conclusions and recommendations agreed by the Meeting included inter alia: (a) assistance for accelerated progress; (b) expanding the capacity to utilize aid; (c) modifying assistance policies; (d) improving assistance administration and management; and (e) co-ordination of assistance programmes.

481. The Intergovernmental Group on the Least Developed Countries had held its second session in July 1978, at which it had adopted resolution 4 (II) which had noted the precarious position of the economies of the least developed countries. In this resolution, the Intergovernmental Group had requested the Secretary-General of UNCTAD to prepare a document which would give an outline for a new programme of action that was coherent, sustained and effective, and which would be given full consideration at UNCTAD V. The Intergovernmental Group had also requested the Secretary-General of UNCTAD to undertake studies of the requirements, special measures and other elements of an improved strategy to assist the least developed countries to accelerate their progress during the 1980s. It had further requested him to convene a high-level expert group late in 1979 to consider the results of the above studies and to make detailed recommendations on a new programme of special measures for the least developed countries during the 1980s. The Board might wish to consider these and other recommendations of the Intergovernmental Group and those of the donor/recipient Meeting as contained in their respective reports.

482. In conclusion, he stated that the UNCTAD technical co-operation programme for the groups of least developed, land-locked and island developing countries had expanded substantially and further resources were being sought to meet growing needs. During the period 1975-1978, UNCTAD had carried out exploratory missions in 24 least developed countries under a UNDP-financed programme and the UNCTAD secretariat at present was backstopping a number of technical co-operation projects at the national, regional, subregional and interregional levels.

483. All representatives participating in the discussion felt that the economic situation of the least developed countries continued to be extremely severe and that in terms of most accepted international economic and social indicators they remained genuinely disadvantaged.

484. The representatives of several developed market-economy countries stressed that clearly an over-all effort was required by all parties in order to reverse these negative trends, and they underlined the willingness of their Governments to co-operate in such an effort.

485. In the view of the spokesman for the European Economic Community, there was a need to define priorities according to given needs, rather than merely reiterating calls for measures over the whole range of economic relations. He suggested that special consideration be given to: examining the reasons which had enabled seven of the larger least developed countries to achieve rather faster economic growth in the 1970s than many of the others; identifying genuine and specific trade opportunities that might exist in certain cases; intensifying the search for ways of improving the technical management and administration of the assistance that was an essential complement to the aid effort in many least developed countries; transport and communications; and exploring ways of developing and exploiting alternative, renewable, sources of energy.

486. The representatives of several developed market-economy countries informed the Board of the measures they had taken in favour of the least developed countries.

487. The spokesman for the Nordic Group, speaking also on behalf of other members of this Group, recalled that his Government in 1977 had unilaterally announced its decision to write off the total stock of its ODA credits to the least developed and most seriously affected countries. Final approval had been given by Parliament in the spring of 1978, and his Government had recently taken the formal decision to write off outstanding debts to these countries as of 1 July 1978. The Government of another member of the Nordic Group, had also decided in May 1978 to write off, subject to Parliamentary approval, all outstanding development credits within its bilateral assistance programmes to the least developed countries and other countries in a comparable position. It was now preparing the necessary discussions with the recipient countries in order to put this decision into effect. Another Nordic country had given all its development assistance as grants and consequently had no outstanding ODA debts to cancel. Many other developed countries had recently taken corresponding decisions, and this positive development on the debt issue should be welcomed. In that perspective, the Ministerial session of the Board could be considered as relatively successful.

488. He also stated that the poorest countries were those most in need of UNDP assistance, and this was not reflected in their small Indicative Planning Figures (IPFs). He felt that it was not acceptable that the IPFs of these countries be eroded by disruptions in cash inflows due to scarcity of UNDP resources; comparatively rich recipients should become net contributors or renounce their IPFs.

489. The representative of another developed market economy country stated that her Government placed a high priority on assisting the development efforts of the least developed countries, and had taken a number of concrete policy measures in both its bilateral development assistance programmes and in its general international economic policies to assure that particular attention was given to the concerns of those countries. Its official bilateral development assistance to the least developed countries had steadily increased both in quality and quantity,

and in the current fiscal year its bilateral development assistance to these countries would total \$192 million and, with food assistance included, would reach nearly \$350 million. Congressional approval was being sought for a further increase in bilateral development assistance of 38 per cent for fiscal year 1979, which would be consistent with her country's commitment at the Paris Conference on International Economic Co-operation to contribute \$375 million to a Special Action Programme for low-income countries. Virtually all her country's bilateral development assistance to the least developed countries was on a grant basis. Furthermore, its foreign assistance legislation provided for particularly liberal administrative procedures for the least developed countries, including untying of assistance, extended duration of projects, and minimal requirements regarding host country contribution to projects. In keeping with its commitments at the Ministerial session of the Board, a law allowing the President to forgive the interest owed by the least developed countries for past ODA, and to allow such countries to pay the principal on those debts into local currency accounts for development projects, should pass before the end of September 1978. She added that her Government had urged policies in the international development banks which would encourage higher income developing countries to forgo use of soft loan windows, thereby freeing more highly concessional resources for the low income countries. Moreover, her country's GSP scheme contained a competitive need formula, which was aimed at assuring that preferences were reserved to those countries that still needed them. In the multilateral trade negotiations, her Government had offered to use its full tariff cutting authority over three-quarters of its dutiable trade with the least developed countries. The Overseas Private Investment Corporation, which guaranteed investment in developing countries, was under instruction to increase its activities in the lowest income developing countries. She said that her country believed strongly that the international effort to assist the least developed countries was one in which all countries could and should play a positive role, and that the concerns of the least developed countries should be addressed by all divisions of the UNCTAD secretariat in their work programmes. Her Government looked forward to the inscription of this issue as a separate item on the agenda of the fifth session of UNCTAD as an opportunity to review progress made in assisting the least developed countries and to discuss any new measures which might be deemed appropriate.

490. The spokesman for the EEC recalled that the Community's policies in this area had been extensively outlined at the second session of the Intergovernmental Group. The Community not only constituted the largest single source of aid to the least developed countries, but had also sought to match the forms in which much of its assistance was provided to the needs of poorer developing countries. The Lomé Convention remained the most comprehensive example of this, according preferential treatment in several spheres to half of its 56 beneficiaries, including 19 of the least developed countries. Under the Convention, something over 60 per cent of total financial resources were being channelled to least developed ACP countries; furthermore, the scheme for the stabilization of export earnings privileged these and island and land-locked ACP countries; special provisions for financing very small projects provided a way of seeding activities at a later stage; and provisions, also of interest to less developed countries, for the financing of larger projects enabled those countries to participate in joint financing without ceding over-all financial control. He added that EEC would be re-examining these and other special measures applied within the Convention in the course of the forthcoming negotiations on Lomé II.

491. He indicated further that, in addition, the EEC was making continuing efforts to increase the extent to which the least developed countries could benefit from its GSP scheme; had taken the initiative of launching joint actions with its non-governmental organizations from which the least developed countries largely benefited; and was continuing to concentrate a large part of its food aid in least developed and other poor countries. He pointed out that many EEC member States were implementing their own complementary policies in several of these fields; some had in addition announced actions in the field of the retroactive terms adjustment of outstanding official development assistance debt owed by poorer developing countries.

492. In the view of the Community, UNCTAD could examine the reasons why seven larger least developed countries had achieved faster economic growth than many others. It could identify specific trade opportunities for least developed countries, and search for ways of improving the technical management of development assistance. It could also consider questions of transport and communications and assist in exploring ways of developing alternative renewable forces of energy.

493. The representatives of several socialist countries of Eastern Europe recalled the basis of their foreign trade policy towards the least developed countries, referring in particular to the Joint Statement of socialist countries (TD/211) submitted to the fourth session of UNCTAD (see para. 109 above), and informed the Board of the development of their trade and economic relations with the least developed countries. They referred to the advantages of basing these relations on long-term agreements, which had promoted stability and constant growth in their relations with the least developed countries. In their view, co-operation with these countries led to the building up of national economic independence and to the strengthening of national sovereignty. They stated that while they assisted the least developed countries in establishing new production plants, they did not take any share of profits nor did they participate in the direction of plants. On the other hand, they were willing, in cases of mutual interest, to purchase the goods produced by these plants.

494. The representative of one of these countries stated that his country, within the range of its possibilities, was contributing in various ways to the implementation of Conference resolution 98 (IV), in particular with respect to industrialization, training of national cadres and transfer of technology. His Government would make efforts to further develop in the future its trade and economic relations with the least developed countries. His country had long enjoyed traditional relations with several least developed countries, which had started with exchanges of goods and had been extended to include technical, economic and industrial co-operation. He referred to the activity of experts from his country in some least developed countries, to vocational training schemes for citizens from least developed countries in various factories in his country, and to assistance in the establishment of processing industries in the least developed countries. He also referred to his country's activities in favour of drought-affected Sahelian countries. He added that in recent years new agreements had been concluded with more of the least developed countries and countries in a

similar position. He felt that the activities of joint intergovernmental committees (e.g., economic commissions and the like) might also be regarded as a contribution to promoting and deepening co-operation with these countries. Under the auspices of his Government and UNIDO, interregional training courses on industrial planning and plant protection had been held in previous years and would be continued in 1978, which would offer training possibilities to citizens from least developed countries. Owing to the proposals of the relevant authorities of his country, the share of participants from these countries amounted on average to one third of the total number of participants.

495. The representative of another of these countries stressed the dynamism of his country's trade relations with the least developed countries, noting that it had long-term trade agreements with 13 least developed countries. Moreover, in 1978, the number of valid credit agreements with least developed countries had increased to 11, for a total amount of about \$175 million. Repayments of credits were allowed to a great extent through the supply of goods of borrowing countries. In addition to investment and equipment, experts were also supplied to assist in construction, start-up of production and the training of local personnel. In 1978, the number of experts sent to the least developed countries had increased, as had trainees from these countries. Moreover, his Government had recently sanctioned further improvements in its GSP scheme, under which tariffs were completely abolished for least developed countries.

496. The representative of another of these countries stated that in 1977 its trade turnover with the least developed countries had been 2.4 times greater than in 1970. It had intergovernmental agreements with 20 least developed countries and its economic aid and the delivery of goods was aimed at helping the least developed countries in solving their problems and achieving economic independence. Prospecting for mineral resources; the development of agriculture and fisheries; the training of national personnel; the creation of a system of national health services - all these were the subject of fruitful co-operation between these countries and his country. It had assisted a number of least developed countries in establishing industrial and other enterprises, which played an important role in the creation of independent national economies. His country imported a certain part of the production of the newly built factories, thus facilitating diversification of the exports of the least developed countries. Referring to the reports of the donor/recipient meeting (TD/B/681) and of the Intergovernmental Group on the Least Developed Countries on its second session (TD/B/719), he confirmed the reservations made by his country at those meetings.

497. The spokesman for the Group of 77 stated that, there had been increasing recognition that general policy measures, even if fully implemented, were not likely to be sufficient to overcome the structural difficulties facing the least developed countries. There had, accordingly, been widespread support in the international community for the formulation of a variety of special measures in favour of these countries. However, despite the resolutions adopted in various international forums, the implementation of special measures in favour of the least developed countries had been ineffective, as was clearly indicated by the continued economic stagnation and bleak prospects for development of these countries. The level of per capita GDP growth and other economic indicators, such as export earnings and agricultural production, confirmed that the economic situation of the least developed countries had been extremely disappointing during the Second Development Decade.

498. The small improvement with respect to the flow of concessional financial assistance had been completely offset by lower export receipts. In fact, total foreign exchange availabilities in real per capita terms of these countries had remained almost unchanged since the mid-1960s. Radical action by the developed countries and international organizations was thus clearly called for, in the form of a crash programme to overcome the deep-rooted structural problems facing the least developed countries and accelerate their rate of development.

499. It was also disheartening to note that the level of assistance flows had declined in 1976 and probably levelled off in 1977, while several major donors had been unable to maintain the level reached early in the 1970s. If that trend were to continue, it would have very serious effects on the growth prospects for the least developed countries. He recalled in this connexion that the donor recipient meeting had recommended that "donors, in co-operation with the least developed countries, should actively seek ways to increase the flow of official development assistance to these countries effectively and substantially ...". The Intergovernmental Group on the Least Developed Countries at its second session had also noted this concern and the target of doubling the net flow of assistance to the least developed countries by 1980. He felt that claims by representatives of donor institutions that the flow of assistance to the least developed countries could not be expanded because of a lack of absorptive capacity were not convincing. Assistance programmes in such countries should in fact help to expand the capacity to utilize aid. He recalled that the donor recipient meeting had also recommended that donor institutions should provide greater flexibility in types of financing made available, improve aid administration and give greater attention to promising development opportunities. Implementation of these and all the other recommendations of that meeting was vital for achieving accelerated development in the least developed countries.

500. He stressed the urgent need, taking into account the particularly acute problems and the adverse economic situation of the least developed among developing countries, to reverse the declining trend in their economic situation by adopting additional and special measures through a substantial new programme of action for the 1980s, to be launched at the fifth session of UNCTAD. The Group of 77 would request the Board to call upon developed countries, multilateral and bilateral financial institutions and agencies to implement immediately the decisions and recommendations of the Intergovernmental Group on the Least Developed Countries, including a doubling of the real flow of assistance to these countries by 1980, in order to assist these countries to achieve the minimum growth target set forth in the International Development Strategy, and also to implement immediately the recommendations of the donor/recipient meeting.

501. Referring to the request by the Intergovernmental Group that the Secretary-General of UNCTAD prepare a document which would give an outline for such a new programme of action at the fifth session of UNCTAD and carry out a number of studies which would provide a detailed basis for the new programme of special measures, and to its recommendation that the Secretary-General of UNCTAD convene a high-level expert group to consider the result of these studies and make detailed recommendations on the new programme of special measures, he stated that the Group of 77 strongly believed that such efforts were absolutely necessary to reverse the present trend and to accelerate the rate of growth of the least developed countries.

502. With regard to the multilateral trade negotiations, he recalled that the Group of 77 had clearly emphasized the importance it attached to special treatment for the least developed countries in line with the commitment in paragraph 6 of the Tokyo Declaration. He observed that little positive response had been forthcoming from the developed countries on this issue, and requested the Board to call upon the participating developed countries to fully implement the provisions of paragraph 6 of the Tokyo Declaration and to remove all tariff and non-tariff barriers on the products produced and exported by the least developed countries, pursuant to paragraph 16 of Conference resolution 98 (IV).

503. In conclusion, he drew attention to the request by the Intergovernmental Group that another donor/recipient meeting should be convened after the fifth session of UNCTAD, and to its recommendation that the Intergovernmental Group should be reconvened within the next three years and under the terms of reference as specified in Board resolution 119 (XIV), and urged the Board to endorse these recommendations.

504. The representatives of several developing countries stressed the urgent need to launch a new crash programme of action for the least developed countries, and deplored the lack of political will of the developed countries in this respect. They expressed their disappointment that the special measures already agreed upon in favour of the least developed countries had not been appropriately implemented. They stated in particular that the present volumes of aid to these countries were inadequate and, recalling paragraph 6 of the Tokyo Declaration, regretted the hesitant attitude of the developed countries in the multilateral trade negotiations.

505. The representative of one least developed country expressed his appreciation for the action taken by certain developed countries in favour of the least developed countries. His Government had recently introduced a unique land reform which provided great incentives and allowed peasants to receive the entire benefits from production. The restructuring of his country's economy had led to increases in exports of traditional and non-traditional products and to the processing of raw materials. Its administrative machinery had been restructured and made more equitable. However, there was a need for the international community to be more generous and improve access to the markets of industrialized countries, now that his country's capacity to export had increased. He appealed to these countries to remove their tariff and non-tariff barriers, in the spirit of paragraph 6 of the Tokyo Declaration. He stressed, in this connexion, that the question of providing special treatment for the least developed countries had already been agreed upon by the Group of 77 as a whole. He felt that helping the least developed countries should be given pride of place in the programmes of assistance to developing countries. Referring to financial aid, he deplored the erosion caused by inflation and devaluation and suggested that donor countries maintain the original exchange rates in order to protect the least developed countries. He added that the various Divisions of the UNCTAD secretariat should report on activities they had undertaken in favour of the least developed countries and submit concrete proposals in their field of competence on action to be taken by the different subsidiary organs of the Board in accordance with Board resolution 65 (IX), as well as Conference resolutions 24 (II) and 62 (III).

506. The representative of another least developed country felt that insufficient results had been achieved at the second session of the Intergovernmental Group on the Least Developed Countries, a view which was shared by the representative of another developing country. He stated that the least developed countries were engaged in gigantic efforts, but that they should be assisted by the international community as a whole. He stressed in particular that aid to the least developed countries needed to be doubled by 1980. It was not true to say that the absorptive capacity of the least developed countries was low; in his view, the problems of the least developed countries were so great that these countries could assimilate any amount of funds.

507. The representatives of several least developed countries supported the view that the question of the least developed countries should be included as a separate item on the agenda of the fifth session of UNCTAD, in order to appropriately review progress in assisting these countries and to discuss new measures which might be deemed appropriate, and that the concerns of these countries should be borne in mind by all divisions of the UNCTAD secretariat in their work programmes. They stressed that UNCTAD was the focal point for the programme of action for the least developed countries and that the implementation of decisions and recommendations would call for concentrated and sustained work within the organizational framework of UNCTAD.

508. The representative of another least developed country pointed out that the special needs of the least developed countries required special measures and consequently special action by the international community. He emphasized that UNCTAD was the focal point for such programmes of action and should be adequately equipped to undertake and implement these special measures. He specifically referred to the recommendations of the second session of the Intergovernmental Group on the Least Developed Countries for launching a New Programme of Action for the 1980s for the least developed countries, and emphasized that the implementation of these decisions and recommendations would call for concentrated and sustained work within the organizational framework of UNCTAD. He suggested that urgent consideration be given to the question of establishing a separate division within the organizational structure of UNCTAD to deal with the work pertaining to special measures in favour of the least developed countries. He also urged the Board to plan the subject of special measures for the least developed countries under a separate agenda item for the fifth session of UNCTAD.

509. At the 508th meeting of the Board, on 13 September 1978, the spokesman for the Group of 77 introduced a draft resolution submitted on behalf of his Group on special measures in favour of the least developed among the developing countries (TD/B/L.510).

510. At the 510th meeting, on 17 September 1978, the spokesman for the Group of 77 announced a number of amendments to the draft resolution in TD/B/L.510.

Action by the Board

511. At the same meeting, the Board adopted the draft resolution in TD/B/L.510, as amended, having taken note of the financial implications ^{33/} thereof (for the text of this resolution, see annex I below, resolution 171 (XVIII)).

512. The spokesman for Group D, referring to the proposal in TD/B/L.510, which had now been amended, that the Board fully endorse the conclusions and recommendations contained in part two of TD/B/681, stated that any multilateral recommendations could be applicable to the socialist countries only to the extent that such recommendations took into account fundamental specific features of the socialist economic system which was principally different from the system of the capitalist countries. Accordingly, he reiterated and reconfirmed the reservations made on behalf of countries of Group D as recorded in paragraph 75 of TD/B/681.

^{33/} For the statement of financial implications (TD/B/719, annex II), see annex VIII below.

513. As regards the question of fully endorsing resolution 4 (II) of the Intergovernmental Group on the Least Developed Countries, he reiterated the reservations made at the second session of that Group on behalf of countries of Group D, as expressed in paragraphs 83 and 156 of TD/B/719. Resolution 4 (II) contained formulations which might be interpreted as unconditional agreement by all countries with what was termed the "basic human needs" concept. In the view of the members of Group D, this concept could not be considered separately from the question of the implementation of broad socio-economic changes in developing countries. Outside the context of such reforms, they could not consider themselves bound by any recommendations which focused upon the concept of "basic human needs" and oriented the future activities of UNCTAD in the direction of this concept. In conclusion, he said that, had the draft resolution been put to a vote, the members of Group D would have abstained with respect to paragraphs 1 and 2 thereof.

514. The spokesman for the Group of 77 said it was his Group's understanding that the term "bilateral financial and technical assistance institutions" used in paragraph 2 of the resolution just adopted referred to net donors of the developed countries. When issuing invitations for the meeting, the Secretary-General of UNCTAD might wish to keep his Group's understanding of this matter in mind.

2. Specific action related to the particular needs and problems of developing island countries

515. The Board had before it the report of the Group of Experts on Feeder and Inter-island Services by Air or Sea for Island Developing Countries (TD/B/687 and Corr.1). Also available to the Board was a compilation of selected papers submitted to the Group of Experts (TD/B/AC.24/2).

516. The representative of the Secretary-General of UNCTAD, introducing this topic, noted that the Group of Experts which had met in October 1977, in response to paragraph 53 of Conference resolution 98 (IV), had concluded that the major problems in inter-island transport were financial, managerial and social. The Group had urged UNCTAD and the other agencies concerned to offer technical assistance on these questions, and had called for a number of regional seminars.

517. The representative of the Inter-Governmental Maritime Consultative Organization (IMCO) stated that his organization welcomed the opportunity to co-operate with UNCTAD in the study of air and sea transport services for island developing countries. The IMCO secretariat had released one of its staff members to serve in his personal capacity on the Expert Group and had sent another staff member to inform the Group of the activities of IMCO in this field. It had also submitted a brief paper to the Group (see TD/B/AC.24/2). He observed that IMCO played an active role in helping the developing world to operate shipping in a safe and efficient manner and to protect the marine environment. IMCO would continue to focus attention on the shipping problems of developing countries including in particular island countries.

Action by the Board

518. At its 510th meeting, on 17 September 1978, the Board decided to take note of the recommendations of the Group of Experts on Feeder and Inter-island Services by Air or Sea for Developing Countries (TD/B/687 and Corr.1).

3. Specific action related to the particular needs and problems of land-locked developing countries

519. Introducing this item, the representative of the Secretary-General of UNCTAD noted that the Board had before it two reports, a review of progress in the implementation of special measures and specific action related to the particular needs of land-locked developing countries (E/1978/87, parts I and II) prepared by the UNCTAD secretariat pursuant to Economic and Social Council resolution 2127 (LXIII) and a report on ocean freight rates for land-locked developing countries (TD/B/705) prepared in pursuance of resolution 29 (VIII) of the Committee on Shipping.

520. With respect to the Special Fund for Land-locked Developing Countries, he noted that so far \$671,000 had been pledged to finance projects under the Fund. He added that, in accordance with General Assembly resolution 32/113, the Administrator of UNDP had submitted proposals relating to the Fund to the UNDP Governing Council at its June 1978 session. At that session, the Governing Council of UNDP had authorized the Administrator of UNDP to proceed, in consultation with the Secretary-General of UNCTAD, with the appraisal and approval of requests for assistance falling within the scope of operations of the Fund. A further Pledging Conference for the Fund was to be held concurrently with the UNDP Pledging Conference for 1979.

521. In conclusion, he observed that, in response to the request in paragraph 96 (b) of Conference resolution 98 (IV), the secretariat, with financing from UNDP, had undertaken pilot costing studies for different transit corridors in Africa and Asia.

522. The representative of a land-locked developing country said that his country's geographical position was to be regarded as a political accident and not as a permanent feature. The problems of his country as a land-locked developing country were well known and his delegation reiterated its solidarity with all other developing countries in a similar position. With respect to the report on ocean freight rates for land-locked developing countries (TD/B/705), he said that this study and other work by UNCTAD clearly indicated that the additional transport costs faced by land-locked developing countries had a negative impact on their export performance and hampered their over-all development. He called upon the Board to take note of this report, which should assist in the establishment of new guidelines for UNCTAD's action in this area.

523. The representative of a least developed land-locked country said that the development of his country was being seriously hampered by its distance from the sea. He welcomed the fact that his country's transit neighbours had made some improvements in their ports, and also expressed his appreciation for the assistance given by the international community during the drought period. In this connexion, he noted that, whereas such problems were of a cyclical nature, his country was facing complex structural problems. The Board and UNCTAD V should develop proposals for more effective machinery to solve such problems.

524. The representative of UNDP, referring to the objectives of the Special Fund for Land-locked Developing Countries, said that the Fund had been established in order to compensate the land-locked developing countries for their additional transport and transit costs. In this connexion, he regretted that as yet there had been few contributions to the Fund and appealed to member Governments to increase their contributions. UNDP would continue to collaborate with UNCTAD in the administration of the Fund, in which UNDP Resident Representatives in the field would play an important role.

Action by the Board

525. At its 510th meeting, on 17 September 1978, the Board decided to:

- (a) Take note of the report, prepared by the UNCTAD secretariat, containing a review of progress in the implementation of special measures and specific action related to the particular needs of the land-locked developing countries (E/1978/87(parts I and II));
- (b) Take note of the arrangements for the United Nations Special Fund for Land-locked Developing Countries adopted by the Governing Council of the United Nations Development Programme in its resolution 25/15.
- (c) Take note of the report by the UNCTAD secretariat on ocean freight rates for land-locked developing countries (TD/B/705), and of the results of that report.

D. Trade and economic aspects of disarmament (Agenda item 6 (d))

526. The representatives of several socialist countries of Eastern Europe, and the representative of Mongolia, who spoke on this item, underlined the importance and relevance of the item to international economic co-operation and to development, and hence to UNCTAD. The item assumed particular importance at present since a special session of the General Assembly had been devoted earlier in the year to disarmament and had received a great deal of attention.

527. These representatives emphasized that a halt to the arms race and disarmament, together with détente and peaceful coexistence, were indispensable to the strengthening of international economic co-operation and the development effort. Increasing expenditures, up to \$1 billion a day and even more, were devoted to the armaments race; gigantic resources were diverted to it in contrast to expenditures devoted to alleviating poverty; this encouraged inflation, obstructed the restructuring of the world economy and hence the creation of the new international economic order. The problem of disarmament directly concerned the problems which UNCTAD dealt with because the arms race also obstructed the full development of trade. The consequences of the arms race adversely told on the position of developing countries. The problems of disarmament and those of development were thus closely interrelated. The arms race was also an obstacle in the way of the development of international trade.

528. Some of these representatives pointed out that those who were opposed to disarmament and détente were exerting every effort to return the world to cold war conditions, in which it was impossible to solve economic development problems. It was the duty of the entire international community to participate in efforts to promote disarmament and détente and thus increase the resources available for economic and social development and improve living standards for all peoples.

529. They added that the important suggestion made by the USSR in the General Assembly for reducing the military budgets of the permanent members of the Security Council by 10 per cent and using part of the funds thus released for assisting developing countries had received overwhelming support but had so far remained unfulfilled because of opposition by certain countries. The USSR had proposed a new agreement on specific reductions in absolute terms, in military budgets and on the precise amounts to be made available for assistance to developing countries as a result. This proposal had been reflected in the Final Document of the recent

tenth special session of the General Assembly on disarmament, contained in Assembly resolution S-10/2 of 30 June 1978. The adoption of this proposal would be in the interests of all countries, regardless of their economic and social systems or levels of development.

530. Several of these representatives pointed out that international organizations were required by the General Assembly to make their own contribution to the efforts for disarmament. UNCTAD was no exception: regular and due attention should be paid to the issue of the trade and economic aspects of disarmament. They suggested that the UNCTAD secretariat should contact the Ad Hoc Group established by the General Assembly on the Relationship between Disarmament and Development and provide this Group with all relevant data and material, and make a specific contribution to its work. An additional suggestion was that the secretariat should prepare a study on the issue for the next regular session of the Board.

531. The representative of China said that, since the third session of the Conference, the Board had had a so-called item on disarmament on its agenda. But the super-Power that was most interested in this item had in fact reduced its aid flows to developing countries and had greatly increased its expenditures on armaments and troops. This was a direct threat to world peace and security. That super-Power talked about helping developing countries but continued to maintain that it was not responsible for the underdevelopment of these countries. Some countries had written off their debts to developing countries and this super-Power should do likewise, if it was truly being sincere in helping developing countries.

532. The representatives of several socialist countries of Eastern Europe, and of Mongolia, stated that they categorically rejected these insinuations, and that the chauvinistic, hegemonistic external policy of China created a threat to world peace and security.

533. The representative of China said that the Soviet Union, through the representative of the Ukrainian SSR, had slandered China as "imperialist" and "hegemonistic". This was a case of the thief shouting "catch the thief" and absurd in the extreme. He added that imperialism and hegemonism were a self-description of the Soviet Union and that no distortion and slander by the Soviet Union could hurt China's foreign policy, or cover up the wild ambition of the Soviet Union to launch aggression and expansion and seek world hegemony.

534. The representative of one developing country drew attention to article 15 of the Charter of Economic Rights and Duties of States which called for disarmament and for the use of the resources thus saved for development purposes. The special session of the General Assembly devoted to disarmament had called for the establishment of a special fund, and the General Assembly should be called upon at its thirty-third session to take action on that question.

535. At the 509th meeting, on 15 September 1978, the spokesman for Group D introduced a draft decision (TD/B/L.517) under this item.

536. The spokesman for Group D stated that the draft was acceptable to his Group as it was in line with the mandate given in Conference resolution 44 (III) and with the principle of consultations between bodies of the United Nations system. His Group did not expect, however, that high priority would be assigned to the work called for under the draft, or that it would entail a significant outlay of resources.

Action by the Board

537. At the 510th meeting, on 17 September 1978, the Board adopted draft decision TD/B/L.517 (for the text, see annex I below, decision 170 (XVIII)).

538. At the same meeting, the representative of China stated that it was a well-known fact that the super-Power carrying a "socialist" signboard, for the purpose of camouflaging its acts of aggression and expansion, was always peddling disarmament and loudly preaching disarmament and peace while at the same time being engaged in arms expansion and war preparation. And everywhere it exhibited military might, provoked incidents, and instigated wars. Those actions not only seriously threatened world peace but also obstructed and impeded the struggle of the third world for the establishment of the new international economic order. The super-Powers had no real intention of reducing their arms. Therefore, no matter how many resolutions or decisions were adopted, they would still become meaningless scraps of paper. Facts had shown that the call of the super-Power he had referred to for disarmament was only a deception. China supported genuine disarmament, but was against sham disarmament. When faced with the deceptive calls of disarmament by the super-Powers, he felt duty-bound to expose them. Threatened militarily by the super-Powers, the many developing countries wished to see disarmament become a reality. Their desires were understandable. The demand of the developing countries to use the savings derived from disarmament for development assistance was an entirely reasonable demand to the effect that the super-Powers return to them a portion of the wealth that they had plundered from these countries.

539. In response, the representative of Bulgaria regretted that the representative of China had chosen to engage in slanderous statements designed to create tension and divert the Board from its proper business. It was clear to him that China wished to continue to create tension whenever possible in international forums and also in various parts of the world. In his view, the statement was out of order.

540. The representative of Mexico requested the UNCTAD secretariat to take account, in the data it provided to the Ad Hoc Group on the Relationship between Disarmament and Development, of article 15 of the Charter of Economic Rights and Duties of States and of the statement made by the representative of France at the tenth special session of the General Assembly concerning the establishment of a Special Disarmament Fund for development.

E. Dissemination of information and mobilization of public opinion (Agenda item 6 (e))

541. Pursuant to Conference resolution 43 (III), the Board was informed of the current and planned public information activities of UNCTAD, particularly those which would concentrate on the preparations for UNCTAD V, in a document (TD/B/716), paragraph 9 of which referred to the budgetary resources required by the UNCTAD Information Unit.

Action by the Board

542. At the 508th meeting, on 13 September 1978, the Board took note of the report by the Secretary-General of UNCTAD on "Dissemination of information and mobilization of public opinion" (TD/B/716).

CHAPTER VI

OTHER BUSINESS

(Agenda item 8)

A. Decisions of the Committee on Work on Plantations of the International Labour Organisation

543. In response to a request from the Governing Body of the International Labour Office, the attention of the Board was drawn to decisions of the Committee on Work on Plantations concerning housing, medical and welfare facilities and occupational safety and health on plantations, and concerning international trade in plantation products and international prices, as contained in TD/B/L.505.

Action by the Board

544. At its 506th meeting, on 8 September 1978, the Board took note of the information contained in TD/B/L.505.

B. 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 (General Assembly resolution 32/36)

545. The General Assembly, in its resolution 32/36, had urged the specialized agencies and organizations within the United Nations system to include in the agenda of the regular meetings of their governing bodies a separate item on the progress made by those organizations in their implementation of resolution 1514 (XV) of 14 December 1960 which contained the Declaration on the Granting of Independence to Colonial Countries and Peoples.

546. In connexion with this item, the President drew the attention of the Board to General Assembly resolutions 1514 (XV) and 32/36. He reminded the Board that, when considering the provisional agenda for its nineteenth regular session, it should bear in mind the request of the General Assembly contained in paragraph 10 of its resolution 32/36.

547. The spokesman for the Group of 77 drew the attention of the Board to the relevant paragraphs of resolution 32/36, in particular paragraph 14, which urged the executive heads of the specialized agencies and other organizations within the United Nations to formulate with the active co-operation of the Organization of African Unity and to submit, as a matter of priority, to their governing and legislative organs, concrete proposals for the full implementation of the relevant United Nations decisions, in particular specific programmes of assistance to the peoples in the colonial territories and their national liberation movements. He urged that UNCTAD offer assistance to the liberation movements in southern Africa as provided in that paragraph and as called for in the Declaration and Programme of Action adopted by the World Conference to Combat Racism and Racial Discrimination, and also prepare a report in accordance with paragraph 15 of resolution 32/36. He also drew the attention of the Board to paragraph 10 of that

resolution in which the specialized agencies and organizations within the United Nations system which had not already done so were urged to include in the agenda of the regular meetings of their governing bodies a separate item on the progress made by those organizations in their implementation of the Declaration and other relevant resolutions of the United Nations. He said that the Group of 77 believed that UNCTAD with its universal representation and central role in international relations, particularly in the effort to establish the new international economic order, was in a position to play a most effective role since matters of trade and finance were involved in the implementation of General Assembly resolution 1514 (XV). He requested that the item on the implementation of the Declaration be included in the provisional agenda for the nineteenth regular session of the Board.

548. The representative of a socialist country of Eastern Europe said that although much had been achieved in the nearly two decades since the adoption of resolution 1514 (XV), there could be no rest until the last vestiges of colonialism were eradicated from the face of the planet. Their continued existence was in fundamental contradiction with both General Assembly resolution 1514 (XV) and the Charter of the United Nations. He recalled that various bodies within the United Nations system, including the General Assembly, had repeatedly urged the severance of all commercial, economic, financial and other links with the racist régimes of South Africa and Southern Rhodesia. He also recalled that, at the recently concluded World Conference to Combat Racism and Racial Discrimination held in Geneva, the overwhelming majority of participants in that Conference had called for the isolation of those racist régimes and the strict implementation of the sanctions, in particular the oil embargo, laid down by the United Nations. He said that transnational corporations, banks and other companies of the major Western countries not only had not ceased their economic activities in southern Africa but were continuing and in a number of cases even expanding those activities. He drew attention to document E/CN.4/Sub.2/415 which indicated that more than 1,400 banks, firms and other bodies of Western countries operated in South Africa and Southern Rhodesia and were providing political, military, economic and other forms of assistance to their régimes. The list included more than 650 bodies from the United States of America, and dozens from France, the Federal Republic of Germany, Italy, Israel and other countries. He added that the activities of international monopolies, which continued to exploit the natural and human resources of colonial territories, were preventing a number of peoples from achieving political and economic independence. Furthermore, a report prepared by the United Nations Committee on Decolonization had noted that companies from South Africa, the United States of America, the United Kingdom and the Federal Republic of Germany, dominated the economy of Namibia, which was illegally occupied by South Africa in violation of United Nations decisions. He stated that certain Western countries were using various pretexts to avoid implementing United Nations resolutions on decolonization, and continuing to provide political, military, economic and other assistance to the colonial and racist régimes in southern Africa. He also urged the Board to include in the provisional agenda for its nineteenth regular session an item on the implementation of the Declaration.

Action by the Board

549. At its 509th meeting, on 15 September 1978, the Board decided to include an item in the provisional agenda for its nineteenth session on the 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 system (see in this connexion, paragraphs 588-589 below, and annex VII).

C. Draft resolution entitled "Impact of regional economic groupings of the developed countries on international trade including the trade of developing countries" (TD/L.66 and Corr. 1-3)

550. At its 507th meeting, on 12 September 1978, the Board decided to defer consideration of this draft resolution until a later session of the Board. (see annex IV below, section C).

CHAPTER VII
INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE
AND RELATED MATTERS

(Agenda items 1, 5, 7 and 9)

A. Opening of the session

551. The eighteenth regular session of the Trade and Development Board was opened on 29 August 1978 by Mr. H. Khan (Pakistan), Vice-President during the seventeenth session of the Board, on behalf of Mr. S. de Alwis (Sri Lanka), President of the Board during its seventeenth session

B. Election of officers

(Agenda item 1 (a))

552. At its 497th meeting, on 29 August 1978, the Board elected Mr. D.L. Castellanos (Venezuela) as its President and Mr. K. Kossar (Iran) as its Rapporteur for the period from the beginning of its eighteenth session to the beginning of its nineteenth session.

553. At the same meeting, the Board elected the following representatives as its Vice-Presidents for the same period: Mr. O. Adeniji (Nigeria), Mr. R.H. Jay (Canada), Mr. H. Matthias (Federal Republic of Germany), Mr. C.F. Meissner (United States of America), Mr. M. Pankine (Union of Soviet Socialist Republics), Mr. M. Ruzek (Czechoslovakia), Mr. T. Terrefe (Ethiopia), Mr. R. Torovsky (Austria), Mr. M. Trucco (Chile), and Mr. H. Xuto (Thailand).

C. Adoption of the agenda and organization
of the work of the session

(Agenda item 1 (b))

554. At its 497th meeting, on 29 August 1978, the Board adopted as its agenda for the session the provisional agenda approved at the first part of the seventeenth session ^{34/} as adjusted by the President of the Board, in consultation with the Secretary-General of UNCTAD (TD/B/709 and Add.1). The agenda, as adopted (TD/B/723) was as follows:

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) Establishment of the Working Party of the Trade and Development Board on the UNCTAD programme budget and the medium-term plan;
- (e) Provisional agendas for the tenth special session and nineteenth regular session of the Board and organization of the work of the sessions.

^{34/} See Official Records of the General Assembly, Thirty-second Session, Supplement No. 15 (A/32/15), vol. II, part one, para. 312 and annex IV.

2. Interdependence of problems of trade, development finance and the international monetary system.
3. Trade relations among countries having different economic and social systems.
4. Fifth session of the United Nations Conference on Trade and Development: objectives, provisional agenda, preparatory work and organization.
5. Matters requiring action by the Board arising from or related to reports and activities of its subsidiary and other bodies:
 - (a) Commodity trade;
 - (b) Trade in manufactures and semi-manufactures;
 - (c) Financing related to trade;
 - (d) Shipping;
 - (e) International multimodal transport;
 - (f) Economic co-operation among developing countries.
6. 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 eleventh session;
 - (b) Progressive development of the law of international trade: eleventh annual report of the United Nations Commission on International Trade Law;
 - (c) Progress in the implementation of:
 - (i) Special measures in favour of the least developed among the developing countries;
 - (ii) Specific action related to the particular needs and problems of developing island countries;
 - (iii) Specific action related to the particular needs and problems of land-locked developing countries;
 - (d) Trade and economic aspects of disarmament;
 - (e) Dissemination of information and mobilization of public opinion.
7. 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 the main Committees;
 - (c) Revision of the rules of procedure of the Board and its main Committees;

- (d) Designation of intergovernmental bodies for the purposes of rule 78 of the rules of procedure;
- (e) Designation and classification of non-governmental organizations for the purposes of rule 79 of the rules of procedure;
- (f) Review of the effectiveness of the arrangements, under Board decision 43 (VII), for the participation of non-governmental organizations in the activities of UNCTAD;
- (g) Documentation problems and their effect on the work programme of UNCTAD;
- (h) Rationalization of the structure of the permanent machinery of UNCTAD;
- (i) Review of the calendar of meetings;
- (j) Financial implications of the actions of the Board.

8. Other business.

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

555. At the same meeting, the Board broadly endorsed the suggestions made by the secretariat in document TD/B/709/Add.2 for the organization of the work of the session, including a tentative timetable of meetings, and decided to establish two sessional committees of the whole.

Sessional Committee I would consider and report on:

Item 5 Matters requiring action by the Board arising from or related to reports and activities of its subsidiary and other bodies

(a) Commodity trade

- (i) Integrated Programme for Commodities
- (ii) Tungsten
- (iii) The exploitation, for commercial purposes, of the resources of the sea-bed and the ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction (Conference resolution 51 (III))

(b) Trade in manufactures and semi-manufactures

- (i) Trade and industrial co-operation between the developed and the developing countries
- (ii) Restrictive business practices
- (iii) The generalized system of preferences: consultation procedures

(c) Financing related to trade

- (i) Insurance
- (ii) Export credit guarantee facility
- (iii) Effects of the world inflationary phenomenon on the development process
- (iv) Transfer of real resources to developing countries

Item 5 (d) Shipping (excluding the review of the terms of reference of
(contd.) the Committee on Shipping, which was considered in plenary in
conjunction with item 7 (h))

(e) International multimodal transport

(f) Economic co-operation among developing countries

Sessional Committee II would consider and report on:

Item 3 Trade relations among countries having different economic and
social systems

556. At the same meeting, the Board established a Working Group, open to all delegations, to consider and report on matters concerning the fifth session of the Conference on which the Board was expected to take action at its present session.

Sessional Committee I

557. Sessional Committee I held 15 meetings from 31 August to 15 September 1978. At its 2nd meeting, on 31 August, it elected Mr. A. Mahgoub (Sudan) as its Chairman and at its 4th meeting, on 1 September, it elected Mr. R. Cankur (Turkey) as its Vice-Chairman-cum-Rapporteur.

558. Sessional Committee I adopted its draft report (TD/B(XVIII)/SC.1/L.5 and Add.1-11) at its closing meeting, on 15 September 1978, with a number of amendments.

559. At the 510th meeting, on 17 September 1978, the Vice-Chairman of Sessional Committee I introduced the report of that Committee (TD/B(XVIII)/SC.1/L.5 and Add.1-11, as amended and completed by TD/B/L.514). At the same meeting, the Board adopted the report of the Sessional Committee for incorporation, as appropriate, in its own report. 35/

Sessional Committee II

560. Sessional Committee II held seven meetings from 31 August to 12 September 1978.

561. At the 1st meeting of Sessional Committee II, on 31 August 1978, Mr. A. Marelle (France) was elected Chairman and Mr. W. Jozwiak (Poland) was elected Vice-Chairman-cum-Rapporteur.

562. 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 recommendations contained in Conference resolution 95 (IV). 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" (See Conference resolution 95 (IV), subpara. 10 (b)) during these consultations.

563. At its closing meeting, on 12 September 1978, Sessional Committee II adopted its draft report (TD/B(XVIII)/SC.II/L.1), with a number of amendments.

35/ The substance of the report of Sessional Committee I is incorporated in chapter IV above.

564. At the 509th meeting on 15 September 1978, the Chairman of Sessional Committee II introduced the report of the Committee (TD/B(XVIII)/SC.II/L.1, as amended by TD/B/L.513). At the same meeting, the Board adopted the report of Sessional Committee II for incorporation as appropriate, in its own report. 36/

D. Adoption of the report on credentials

(Agenda item 1 (c))

565. At its 507th meeting, on 12 September 1978, the Board adopted the report of the Bureau on credentials (TD/B/726).

E. Membership and attendance 37/

566. The following States member of UNCTAD members of the Board were represented at the session:

Algeria	Germany, Federal Republic of
Argentina	Ghana
Australia	Greece
Austria	Guatemala
Bangladesh	Honduras
Belgium	Hungary
Bolivia	India
Brazil	Indonesia
Bulgaria	Iran
Byelorussian Soviet Socialist Republic	Iraq
Canada	Ireland
Central African Empire	Israel
Chile	Italy
China	Ivory Coast
Colombia	Jamaica
Costa Rica	Japan
Cuba	Jordan
Cyprus	Kuwait
Czechoslovakia	Lebanon
Democratic People's Republic of Korea	Liberia
Denmark	Libyan Arab Jamahiriya
Dominican Republic	Liechtenstein
Ecuador	Madagascar
Egypt	Malaysia
El Salvador	Mali
Ethiopia	Malta
Finland	Mauritania
France	Mexico
Gabon	Mongolia
German Democratic Republic	Netherlands
	New Zealand
	Nicaragua

36/ The substance of the report of Sessional Committee II is incorporated in chap. II above.

37/ For the list of participants in the session, see TD/B/INF.85 and Corr.1

Nigeria	Switzerland
Norway	Syrian Arab Republic
Oman	Thailand
Pakistan	Togo
Panama	Trinidad and Tobago
Peru	Tunisia
Philippines	Turkey
Poland	Uganda
Portugal	Ukrainian Soviet Socialist Republic
Qatar	Union of Soviet Socialist Republics
Republic of Korea	United Kingdom of Great Britain and Northern Ireland
Romania	United Republic of Tanzania
Saudi Arabia	United States of America
Senegal	Uruguay
Singapore	Venezuela
Somalia	Viet Nam
Spain	Yemen
Sri Lanka	Yugoslavia
Sudan	Zaire
Sweden	

567. The following other States members of UNCTAD not members of the Board were represented at the session: Democratic Yemen, Guinea-Bissau, Holy See.

568. The Economic Commission for Europe, the Economic Commission for Africa, the United Nations Industrial Development Organization, the United Nations Environment Programme, and the United Nations Development Programme were represented at the session.

569. The following specialized agencies were represented at the session: Food and Agriculture Organization of the United Nations, World Bank, International Monetary Fund, Inter-Governmental Maritime Consultative Organization, World Intellectual Property Organization, International Fund for Agricultural Development. The General Agreement on Tariffs and Trade was also represented at the session.

570. The following intergovernmental organizations were represented at the session: Commonwealth Secretariat; Council for Mutual Economic Assistance; Council of Arab Economic Unity; European Economic Community; European Free Trade Association; International Wheat Council; League of Arab States; Organization 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.

571. The following non-governmental organizations were represented at the session:
General category: Afro-Asian People's Solidarity Organization; Commission of the Churches on International Affairs; International Alliance of Women; International Bar Association; International Chamber of Commerce; International Christian Union of Business Executives; International Confederation of Free Trade Unions; International Council of Voluntary Agencies; International Foundation for Development Alternatives; International Law Association; International Organization for Standardization; Women's International League for Peace and Freedom; World Confederation of Labour; World Federation of Trade Unions; World Peace Council.
Special category: Council of European and Japanese National Shipowners' Associations; International Air Transport Association; International Container Bureau; Primary Tunstun Association.

572. The African National Congress, the Pan-Africanist Congress of Azania and the Patriotic Front (Zimbabwe) were represented at the session. 38/

F. Announcement of changes in the membership of the Board

(Agenda item 7 (b))

573. At the 507th meeting, on 12 September 1978, the President of the Board announced that no further State had communicated to the Secretary-General of UNCTAD its intention to become a member of the Board. Accordingly, the Board confirmed its present membership of 117 members. 39/

G. Election to membership of main Committees 40/

(Agenda item 7 (b))

574. At its 507th meeting, on 12 September 1978, the Board confirmed the membership of its main Committees, as listed in its report on the second part of its seventeenth session, 41/ and declared Liberia and Qatar elected to the Committee on Commodities, bringing the total membership of that Committee to 95 States; Liberia, Qatar and Syrian Arab Republic elected to the Committee on Manufactures, bringing membership to 89 States; Liberia and Qatar elected to the Committee on Invisibles and Financing Related to Trade, bringing the membership to 94 States; Liberia, Qatar and Syrian Arab Republic elected to the Committee on Shipping, bringing the membership to 90 States; China, Liberia, Madagascar, Qatar and Syrian Arab Republic to the Committee on Transfer of Technology, bringing the membership to 86 States; and China, Liberia and Qatar to the Committee on Economic Co-operation among Developing Countries, bringing the membership to 95 States.

H. Designation of intergovernmental bodies for the purposes of rule 78 of the rules of procedure

(Agenda item 7 (d))

575. At its 507th meeting, on 12 September 1978, the Board decided that the African, Caribbean and Pacific Group of States, the Arab Bank for Economic Development in Africa, the Arab League Educational, Cultural and Scientific Organization, the Arab Organization for Agricultural Development, the Arab Organization of Administrative Sciences, the Arab Tourism Union, the Association of African Trade Promotion Organizations, and the Industrial Development Centre for Arab States, 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, 42/ should be so designated (see annex I below, "Other decisions", section (c)).

38/ Invited to participate pursuant to General Assembly resolution 3280 (XXIX).

39/ The list of States members of the Board is reproduced in annex X.

40/ The complete list of States members of the main Committees is reproduced in annex XI.

41/ Official Records of the General Assembly, Thirty-third Session, Supplement No. 15 (A/33/15), vol. I, part three, annex IV.

42/ The applications by these intergovernmental bodies together with information on their historical structure and functioning are contained in documents TD/B/R.15 and Add.1-8 (de-restricted).

I. Designation and classification of non-governmental organizations for the purposes of rule 79 of the rules of procedure

(Agenda item 7 (e))

576. At its 508th meeting, on 13 September 1978, the Board approved the applications by the following eight non-governmental organizations, 43/ for designation under rule 79 of the rules of procedure 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/727) that they should be classified as follows (see annex I below, "Other decisions", section (e)).

General category

Christian Democratic World Union

Confederation of International Trading Houses Associations

International Foundation for Development Alternatives

Union of Arab Banks

Women's International League for Peace and Freedom

Special category for the UNCTAD organ (other than the Board) indicated

UNCTAD organ

Committee for International Cooperation
between Cotton Associations

Committee on Commodities

International Association of Mutual
Insurance Companies

Committee on Invisibles and
Financing related to Trade;
Committee on Economic Co-operation
among Developing Countries

International Reclamation Bureau

Committee on Commodities;
Committee on Manufactures

J. Review of the effectiveness of the arrangements, under Board decision 43 (VII), for the participation of non-governmental organizations in the activities of UNCTAD

(Agenda item 7 (c))

577. In connexion with this item, the Board had before it a note by the UNCTAD secretariat entitled "Review of the effectiveness of the arrangements, under Board decision 43 (VII), for the participation of non-governmental organizations in the activities of UNCTAD" (TD/B/L.504).

43/ The applications by these non-governmental organizations, together with information on their history, structure and functioning, are contained in documents TD/B/R.16 and Add.1-8 (de-restricted).

578. At its 507th meeting, on 12 September 1978, the Board took note of TD/B/L.504 and decided to defer its review of the arrangements for the participation of non-governmental organizations in the activities of UNCTAD until such time as the Economic and Social Council had made recommendations for the rationalization and harmonization of consultative relationships with the non-governmental organizations by the organizations of the United Nations system as a whole, pursuant to the request contained in paragraph 15, section II, of the annex to General Assembly resolution 32/197 (see annex I below, "Other decisions", section (d)).

K. Establishment of the Working Party of the Trade and Development Board on the UNCTAD programme budget and the medium-term plan

(Agenda item 1 (d))

579. In its decision 156 (XVII) on meetings of the Working Party which the Board adopted at the first part of its seventeenth session, the Board decided to convene the Working Party every year to consider alternately the programme budget and the medium-term plan of UNCTAD and also to assist, as and when appropriate, in examining the impact of major decisions on the UNCTAD work programme.

580. At its 497th meeting, on 29 August 1978, the Board decided that (a) the membership of the Working Party should in future remain the same for the consideration of the medium-term plan and the related programme budget; (b) the 19 members of the Working Party which had met in March/April to consider the medium-term plan 1980-1983 should continue in office to consider, in 1979, the UNCTAD programme budget 1980-1981; (c) during the first part of its nineteenth session, the Board would establish the membership of the Working Party which, in 1980, would consider the medium-term plan 1982-1985, and, in 1981, would consider the UNCTAD programme budget 1982-1983; (d) the membership of the Working Party, when convened to assist in examining the impact of major decisions on the UNCTAD work programme, should be that determined by the Board in its most recent decision on the matter.

581. At the same meeting, the Board also decided that the Working Party to consider the UNCTAD programme budget 1980-1981 should meet during the first week of the nineteenth session of the Board when it could consider the detailed programme budget prepared for submission to the General Assembly in the light of the results of the fifth session of the Conference, and that in consequence there would be no need to hold a second part of the eighteenth session.

582. At its 507th meeting, on 12 September 1978, the Board noted that there would be two substitutions in the present membership of the Working Party: Sweden would replace Norway and France would replace the United Kingdom. 44/

44/ Accordingly, the members of the Working Party are: Argentina, Canada, China, Colombia, France, German Democratic Republic, Germany, Federal Republic of, India, Japan, Mexico, Nigeria, Philippines, Poland, Qatar, Senegal, Sweden, Sudan, Union of Soviet Socialist Republics, United States of America.

L. Provisional agendas for the tenth special session and nineteenth regular session of the Board and organization of the work of the session

(Agenda item 1 (e))

Provisional agenda for the tenth special session

583. At its 509th meeting, on 15 September 1978, the Board considered the draft provisional agenda for its tenth special session (TD/B/L.508), which had been submitted by the UNCTAD secretariat.

Action by the Board

584. At the same meeting, the Board approved the provisional agenda for its tenth special session (see annex VI below), authorizing the President of the Board in consultation with the Secretary-General of UNCTAD, to adjust it in the light of developments.

Provisional agenda for the nineteenth regular session

585. At its 509th meeting, on 15 September 1978, the Board considered the draft provisional agenda for its nineteenth regular session (TD/B/L.509), which had been submitted by the UNCTAD secretariat.

586. In this connexion, the Board's attention was drawn to General Assembly resolution 32/36 on "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", in particular, paragraph 10 thereof.

587. At the same meeting, the representative of Czechoslovakia, on behalf of Group D, proposed the inclusion of an item entitled "Trade and economic aspects of disarmament".

588. The representative of Sudan, on behalf of the Group of 77, proposed the inclusion of an item entitled "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".

Action by the Board

589. At its 509th meeting, on 15 September 1978, the Board agreed to include an item entitled "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". 45/

590. At its 510th meeting, on 17 September 1978, the Board agreed to include an item entitled "Trade and economic aspects of disarmament" in the provisional agenda for its nineteenth session.

45/ For an account of statements made in this connexion, see paras. 545-548 above.

591. At the same meeting, the Board approved the provisional agenda for its nineteenth regular session, with the inclusion of the items mentioned above, and authorized the President of the Board, in consultation with the Secretary-General of UNCTAD, to adjust the provisional agenda in the light of developments (for the text of the provisional agenda for the nineteenth session, see annex VII below). 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.

M. Revision of the rules of procedure of the Board and its main Committees

(Agenda item 7 (c))

592. At the first part of its seventeenth session, the Board had authorized the Secretary-General of UNCTAD to prepare, for consideration, and approval by the Board, the draft of a single set of rules of procedure that would be applicable to all the main Committees of the Board. 46/

593. At its 506th meeting, on 8 September 1978, the Board considered the draft of a single set of rules of procedure applicable to all the main Committees of the Board prepared by the UNCTAD secretariat (TD/B/706). With respect to the suggested frequency of the regular sessions of the main Committees contained in rule 1 of the single set of rules of procedure, the President recalled Board decision 143 (XVI) on the improvement of the methods of work of the UNCTAD machinery and rationalization of its structure. By that decision, the Board established a system of consultations between the Secretary-General of UNCTAD and the representatives of regional groups, by which the Secretary-General seeks the views of the representatives of regional groups in order to enable him to determine any adjustments needed in the calendar. In addition, decision 143 (XVI) provides, inter alia, that the rules of procedure of the main Committees concerning the dates of their sessions shall be interpreted in the light of the decision concerning the above-mentioned consultations.

Action by the Board

594. At the same meeting, the Board approved the single set of rules of procedure applicable to all the main Committees of the Board. 47/

N. Review of the calendar of meetings

(Agenda item 7 (i))

595. At the 510th meeting, on 17 September 1978, the representative of the Secretary-General of UNCTAD introduced the notes by the UNCTAD secretariat (TD/B/L.506 and TD/B/L.519) containing a draft calendar of meetings for the remainder of 1978 and for 1979 and a tentative schedule of meetings for 1980 and 1981. He mentioned some further adjustments which would have to be made to the calendar of meetings as a result of the decision taken by the United Nations Conference on the Law of the Sea to reconvene at Geneva in March 1979, and as a result of decisions taken by the Board.

46/ Official Records of the General Assembly, Thirty-second Session, Supplement No. 15 (A/32/15), vol. II, part one, annex I, "Other decisions".

47/ To be issued subsequently in printed form as TD/B/740.

Action by the Board

596. At its 510th meeting, on 17 September 1978, having first taken note of the financial implications (see annex VIII below), the Board approved the calendar of meetings for the remainder of 1978 and for 1979 and a tentative schedule of meetings for 1980 and 1981 (see annex I below, decision 181 (XVIII)).

O. Financial implications of the actions
of the Board

(Agenda item 7 (j))

597. In connexion with the discussion on various agenda items and with reference to proposals contained in certain draft resolutions and decisions, the UNCTAD secretariat submitted, under rule 31 of the rules of procedure, statements concerning the financial implications of the action proposed. 48/

P. Rationalization of the structure of the permanent
machinery of UNCTAD

(Agenda items 5 (d) and 7 (h))

598. The Board had available to it for its consideration of this item the report by the Secretary-General of UNCTAD entitled "Reforming the permanent machinery of UNCTAD: implementation of Conference resolution 90 (IV)" (TD/B/622 and Corr.1), which had been submitted to the Board at its sixteenth session.

599. The Board also had before it in connexion with the review of the terms of reference of the Committee on Shipping a document containing amended proposals by the Secretary-General of UNCTAD (TD/B/L.497/Add.1) on this matter.

(i) Rationalization of the structure of the permanent machinery of UNCTAD

600. The spokesman for the Group of 77 said that his Group considered that the permanent machinery of UNCTAD should be restructured in accordance with Conference resolution 90 (IV) and Board resolution 143 (XVI), as well as General Assembly resolution 32/197 to make the organization more dynamic and more responsive to the needs of the developing countries in their efforts to promote a more equitable system of economic relations. With this in view, the Group of 77 considered that there should be an ad hoc Committee of the Board on restructuring and rationalization of the permanent machinery of UNCTAD which should report to UNCTAD at its fifth session through the Board at its tenth special session. The work of the ad hoc Committee would be to define and clarify relationships of UNCTAD with the General Assembly as its negotiating arm and to streamline the Board's subsidiary organ.

601. The representative of one developing country said that it was essential to transform the permanent machinery of UNCTAD into a flexible, practical and up-to-date instrument to assist the current discussions on issues relating to the establishment of a new international economic order. The proposals by the Secretary-General of UNCTAD in this connexion should be examined in detail at the fifth session of UNCTAD which should adopt measures to strengthen the machinery of UNCTAD, make it more effective, and bring it into line with the new machinery within the United Nations system.

48/ The statements of financial implications relating to the actions of the Board are reproduced in annex VIII below.

Action by the Board

602. At its 506th meeting, on 8 September 1978, the Board decided that, in view of the nature and scope of the issue, it would defer consideration in depth of the issue of rationalization of the structure of the permanent machinery of UNCTAD until the fifth session of the Conference, it being understood that this decision was without prejudice to any further consultations held on this matter in the interim.

603. At the 508th meeting, on 13 September 1978, the spokesman for the Group of 77 introduced a draft resolution (TD/B/L.512) on the establishment of an ad hoc Committee of the Board on restructuring of the permanent machinery of UNCTAD, to be chaired by the President of the Board, and commended it to the other regional groups for their approval.

604. At the 510th meeting, on 17 September 1978, the Board decided to defer consideration of draft resolution TD/B/L.512 until its tenth special session. 49/

(ii) Review of the terms of reference of the Committee on Shipping

605. At the 508th meeting, on 13 September 1978, the President drew attention to the amended proposals of the Secretary-General of UNCTAD on this issue contained in document TD/B/L.497/Add.1, which took into account the results of his consultations with IMCO, ICAO and the regional commissions.

606. The spokesman for the Group of 77 recalled Economic and Social Council resolution 2098 (LVIII) under which primary responsibility for work on multimodal transport and containerization was assigned to UNCTAD. He also recalled decision 34 (VIII) of the Committee on Shipping, which had requested the Board to review the terms of reference of the Committee in the light of that resolution. Accordingly, the Board should act on this question at its current session.

607. Referring to Board decisions 162 (XVII) and 163 (XVII), he stated that the proposals in document TD/B/L.497/Add.1 were the result of fruitful and exhaustive consultations between UNCTAD, the regional commissions and the concerned specialized agencies and thus there was no reason to postpone a decision by the Board on this question.

608. He added that, during informal consultations at the current session with other regional groups the Group of 77 had demonstrated flexibility in accommodating constructive suggestions, and had agreed with Group D on certain drafting improvements to the proposed addendum to the terms of reference. These improvements were reflected in the draft decision contained in TD/B/L.515 which had been submitted to the Board by the Group of 77, and he expressed the hope that Group B, and the Board as a whole would find the draft decisions acceptable.

49/ The text of this draft resolution is reproduced in annex IV below, section A. For the statement of financial implications (TD/B/L.512/Add.1) circulated in this connexion, see annex IX below.

609. The spokesman for Group B said that his Group had taken note of the new proposals of the secretariat to amend the terms of reference of the Committee on Shipping and of the consultations held with the specialized agencies concerned and regional commissions. He noted, however, that the written results of these consultations had not yet been made available to governments. He also appreciated the efforts made by other regional groups to improve on the secretariat's draft.

610. Group B fully respected Economic and Social Council resolution 2098 (LXIII) and agreed that within UNCTAD the Committee on Shipping should deal with work on multimodal transport and containerization. His Group also agreed that within UNCTAD the Committee on Shipping should deal with this matter whenever there was a sea link. However, his Group felt it necessary to clarify the relationship between the proposed extension of the responsibilities of the Committee on Shipping and the work of other United Nations organizations dealing with intermodal transport, and felt that the proposed additions to the terms of reference should be considered by the Committee on Shipping before the Board took a final decision. His Group believed that there were no pressing reasons to bypass a main Committee of the Board on such an important question as the review of its terms of reference. Experts from his Group had not been able to consider the proposals as document TD/B/L.497/Add.1 had been issued too late to comment. This should not delay the work of UNCTAD on multimodal transport as the meetings scheduled on this and related subjects would still proceed.

611. The spokesman for Group D stated that his Group had always been in favour of thorough and in-depth examination and consideration of such questions as the establishment or revision of the terms of reference of UNCTAD bodies, including the Committee on Shipping. Although it had not been possible for the revised proposals of the UNCTAD secretariat concerning amendments to the terms of reference of the Committee on Shipping to be considered thoroughly by the competent bodies of the Group D governments before the current session of the Board, his Group nevertheless had undertaken a close examination of those proposals during the session. As a result of informal consultations with other regional groups, a fruitful exchange of views had taken place between Group D and the Group of 77 leading to the formulation, on the basis of the constructive proposals made by Group D, of amendments to the proposals made by the UNCTAD secretariat. He added that Group D considered that the Board had good grounds for reviewing at its current session the terms of reference of the Committee on Shipping and could take an appropriate decision on this matter, on the basis of document TD/B/L.515. It had reached this conclusion on the understanding that any of the possible functions of the Committee on Shipping which might relate to international multimodal transport operations and containerization should not infringe on the activities of the United Nations regional commissions, IMCO, ICAO and other international organizations concerned. He further stated that, as far as the Committee on Shipping was concerned, its activities should include only those areas where international multimodal transport operations and containerization were linked to maritime transportation in such a manner that non-maritime modes of transport were interwoven with and interrelated to maritime transportation.

612. The representative of one developing country observed that the amended proposals in TD/B/L.515 conformed to the essence of Economic and Social Council resolution 2098 (LXIII). The question of the review of the Committee's terms of reference dated back to 1976 and in the intervening period extensive consultations had been held with regional commissions, IMCO and ICAO and other relevant bodies. He found it difficult to understand Group B's contention that

document TD/B/L.497/Add.1 had been issued too late when it had been in hand for 40 days. He observed that the Committee on Shipping in decision 34 (VII) had itself requested the Board to decide on its terms of reference. It was for the Committee on Shipping to receive its mandate from the Board; it could not itself determine its own mandate for its work on multimodal transport and containerization. Thus, the Board should now act to approve the amended terms of reference of the Committee.

613. The representatives of some developing countries expressed their concern regarding slow progress in the field of shipping in developing countries. One representative noted that at the fourth session of UNCTAD the question of shipping had not been on the agenda, and that the Convention on a Code of Conduct for Liner Conferences had not been ratified, in particular by the industrialized countries. He added that developments in the shipping field encompassed multimodal transport and containerization, and thus these issues must be reflected in the terms of reference of the Committee on Shipping.

614. These representatives also pointed out that the Economic and Social Council had already given a mandate to UNCTAD for work on multimodal transport and containerization. Noting that extensive consultations had been undertaken with regional commissions and the concerned organizations, they saw no reason for further delay and urged the Board to adopt the amended terms of reference of the Committee on Shipping at its current session.

615. At the 509th meeting, on 15 September 1978, the spokesman for the Group of 77 said that, since its submission of a draft decision (TD/B/L.515) on the subject, his Group had made every possible effort to renew its consultations with other Groups on it. While the Group of 77 was in full agreement with Group D on the draft, Group B had not changed its original position. Now that the consultations had been exhausted, the Group of 77 thus found no other alternative but to call for a vote so that this question could be settled and Economic and Social Council resolution 2098 (LXIII) could be implemented.

616. The spokesman for Group B said that his Group had taken note of the draft decision in document TD/B/L.515, by which the Board was considering the proposed amendment of the terms of reference of the Committee on Shipping. In preparing itself for discussions of this item, Group B had assumed a second round of discussions in the Committee on Shipping. It had felt that such an examination would be appropriate, and thought that it would be agreeable to the Board. Consequently, Group B was not in a position to approve the terms of reference contained in the draft.

617. Group B fully supported Economic and Social Council decision 2098 (LXIII). It appreciated the work of the secretariat in preparing a draft of the terms of reference. It regretted, however, that the secretariat had held its consultations with the other organizations concerned at a very late date. Document TD/B/497/Add.1 had in fact arrived in many capitals only after the delegations for the Board had already left. On the basis of information it received, Group B was not yet fully convinced that the proposed addendum to the terms of reference of the Committee on Shipping in the draft decision was in all its aspects acceptable to other United Nations organizations and bodies concerned. Moreover, Group B did not believe that there were pressing reasons to bypass a main Committee of the Board on such an important question as the review of its

terms of reference. It should be possible to convene the Committee on Shipping before the next regular Board session so that there would be no substantial delay.

618. Despite its position, Group B had tabled during informal consultations a compromise draft decision, in which it had made several important concessions. The draft would have ratified a general mandate to the Committee on Shipping for dealing with matters of intermodal transport and containerization where there was a sea link, leaving only the detailed terms of reference for review by the Committee, both to confirm the importance attached to UNCTAD's work in this area and to permit final ratification of the terms of reference by the Board at its nineteenth session. Finally, the draft requested the secretariat to prepare a proposed programme of work, in order to make it very clear that Group B's intention had never been to impede the progress of UNCTAD's efforts. Group B regretted that its proposed compromise had not been acceptable to other groups. Group B also seriously regretted that other groups deemed it appropriate to decide the question of revision of the terms of reference of a main Committee of the Board by a vote, a procedure which was quite unusual as regards the mandate of an important Committee of UNCTAD and which could only be harmful to its future work. Group B also reserved its right to revert to this matter in the Committee on Shipping.

Action by the Board

619. At its 509th meeting, on 15 September 1978, the Board adopted the draft decision (TD/B/L.515) by 58 votes to none, with 19 abstentions (for the text of this decision, see annex I below, decision 169 (XVIII)).

Q. Documentation problems and their effect on the work programme of UNCTAD

(Agenda item 7 (g))

620. At the 508th meeting, on 13 September 1978, the representative of the Secretary-General made a statement in which he outlined developments since the first part of the seventeenth session of the Board. He referred in that regard to the three areas of responsibility identified by the President of the Board in his report to the Board at that session, i.e., those of the members of the Board, of the UNCTAD secretariat and of the United Nations Office at Geneva. In the first area, the President had suggested that members of the Board adjust their decisions on the scheduling of meetings to the time requirements for the preparation of documentation and call for further studies or documents generally only when a clear need existed for them. It was for the members of the Board themselves, rather than the secretariat, to pass judgement on the fate of those suggestions.

621. The UNCTAD secretariat had taken the President's injunctions to heart: certain internal procedures had been streamlined, and a Daily List of document issued had been initiated to meet the concern that the date of issuance of documents in all language versions should be recorded. While the secretariat could claim some modicum of success in improving its forecasting in terms of volume, it had been totally incapable of predicting workload in terms of timing, owing to the demands involved in the heavy and constantly changing calendar of meetings. Two main reasons could be adduced for this situation. First, the fact that the staff resources of the secretariat had grown only slightly in recent years (from 209 professional posts in 1976 to 232 in 1978, including the temporary professional

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posts for the Integrated Programme for Commodities), while the number of meetings of UNCTAD organs had dramatically increased (from 36 in 1974 and 29 in 1975 to 62 in 1977 and an estimated 74 in 1978). The increase in the number of meetings not only inevitably brought with it an increase in the number of documents, but also occupied the time of the substantive staff servicing the meetings, who could otherwise be concerned with writing documents. Secondly, again mainly owing to the crowded calendar of meetings, numerous documents were in some way dependent on recent events and thus incapable of being prepared well in advance. Forty per cent of the Board documentation for the present session fell into that category. In point of fact, 75 per cent of the Board documentation had been submitted for processing after the date of the six-weeks rule had passed. The delay in the other 35 per cent had to be ascribed to the fact that the secretariat had had to service a total of 16 different meetings during the 10 weeks period ending a fortnight before the opening of the Board. During that period, as at any other time, the basic rules on priority for documentation preparation and processing had had to apply: documentation for a proximate meeting had priority over documentation for a later meeting, and in-session documentation had priority over any pre-session documentation.

622. Turning to the third area of responsibility, that of the United Nations Office at Geneva, he noted with satisfaction that, as a result of double shifts in the Reproduction Section - a measure suggested by the President of the Board in his report - the situation as regards the reproduction of documents had noticeably improved. However, this had had the effect of revealing bottlenecks further up the processing chain, and the UNCTAD secretariat had been called upon to type some of its documents directly in order to relieve the burden in the English Pool. It was hoped that, in this area too, remedial measures would not be lacking.

623. But the problem was not one that could be solved simply by making adjustments in the downstream processing chain. The documentation for the fifth session of UNCTAD could serve as an illustration of the predicament in which the secretariat was finding itself. The agenda for the Conference would not be agreed until the end of the present Board session. Assuming that at least the policy documents should be made available to Governments in advance of the regional preparatory meetings scheduled, this left only a bare two and a half months to plan, draft and finalize those documents. And during the months in question, the secretariat would be expected to service a total of 23 meetings, including three sessions of main Committees, four negotiating conferences and eleven consultations or preparatory meetings on individual commodities. Once again the complicating factor of the automatic priorities would play its part, with in-session documents taking precedence over all others, and documents for closer meetings taking precedence over those for meetings further away in time.

624. In the circumstances, although of course the secretariat could be counted on to continue to make its best endeavours in this regard, it was extremely unlikely that any substantial improvement would occur in the months ahead regarding the preparation and distribution of UNCTAD documentation.

625. The spokesman for Group B and the representatives of a number of Group B countries expressed their appreciation for the frankness with which the documentation situation had been described. They welcomed, in particular, the issuance of the Daily List of UNCTAD documents. While recognizing, however, the difficulties experienced by the secretariat in making documents available in good time, they expressed their concern that the secretariat should spare no effort to

ensure that the documentation for the fifth session of UNCTAD was issued in due time and in all languages. It was the hope of all that the fifth session of the Conference should be a success, but for this to be possible adequate preparation and the early availability of the appropriate documentation were essential.

626. One of these representatives observed that the question of the long-term solution of the documentation problems of UNCTAD, notably from the point of view of the equitable use of languages, should be seriously discussed at the fifth session of the Conference, not so much as regards its substantive and budgetary implications, but in terms of the responsibilities of the members of the Board, with the active support of the Secretary-General of UNCTAD, regarding the calendar of meetings. For it was not by increasing the number of meetings that real progress would be made, but in developing an appropriate pace for meetings, allowing time for reflection on the issues, that would enable UNCTAD to move forward and act effectively.

627. Another of these representatives, while congratulating the secretariat on the issuance of the Daily List of documents, stated that the fact that the members of the Board were sovereign States should not prevent the secretariat from sounding a note of alarm whenever the situation was becoming critical, and calling a halt to the proliferation of meetings.

628. The representatives of developing countries participating in the discussion also expressed their appreciation for the frank exposition by the secretariat of the present situation. The problems caused by the late issuance of documents were of concern to all regional groups, and while they would urge the secretariat to do all it could, it was incumbent on governments to take appropriate measures to ensure that UNCTAD would carry out its task properly.

629. One of these representatives, recognizing the problems faced by the secretariat with regard to documentation, and the proliferation of UNCTAD meetings which were difficult for the secretariat to service, especially with regard to the different languages used in UNCTAD, and while urging the secretariat to meet the demands made on it, said that now that the secretariat had drawn the attention of member States to the problem it was incumbent upon the States members of UNCTAD to try to solve it and not for the secretariat, since it was by decision of the member States themselves that meetings were being proliferated. In this regard, the proposed ad hoc Committee on restructuring of the permanent machinery of UNCTAD, to be chaired by the President of the Board could, when created, look into this question taking into account the report just made on behalf of the Secretary-General of UNCTAD.

630. Another of these representatives said it was clear that the staff resources of the secretariat had not grown at a pace commensurate with the growth in the activities of UNCTAD. This was a matter which should be brought to the attention of the General Assembly through the Advisory Committee on Administrative and Budgetary Questions and the Fifth Committee. He expressed particular concern as regards the early availability of documents for the fifth session of UNCTAD. He also wondered whether meetings of non-Geneva-based bodies in Geneva could have an adverse effect on the production of UNCTAD documents.

631. The representative of a socialist country of Eastern Europe said that the problems under discussion could be attributed to two factors. First the multiplicity of meetings; and secondly the large volume of documentation. With

respect to the first of these, the members of the Board were after all the masters of the calendar, and it was up to the secretariat to warn them when the calendar was approaching unreasonable limits. With respect to the second, the situation could perhaps be eased by improving output and by ensuring that there were no unnecessary repetitions in documentation. He did not think that an enlargement of the staff would solve the problem because even in the present situation delegations could not "digest" all the documentation which was being presented. With respect to the availability of documents in the Russian language, he felt that urgent measures should be taken to correct the present unsatisfactory situation.

632. The representatives of two developing countries said that, in any efforts to improve the documentation situation, the Arabic language, as a working language of UNCTAD, should be placed on an equal footing with the other working languages.

633. The representative of one developing country regretted the fact that in the many informal consultations held during UNCTAD meetings, which were the forums where decisions were actually negotiated, the documentation was not available in French.

Action by the Board

634. At its 508th meeting, on 13 September 1978, the Board took note of the statement of the representative of the Secretary-General of UNCTAD, and of the statements made in that connexion by members of the Board.

635. At the 510th meeting, on 17 September 1978, the representative of the Philippines introduced a draft proposal (TD/B/L.520) on documentation problems and their effect on the work programme of UNCTAD.

636. The spokesman for Group B suggested that, in view of the short time the draft proposal had been available to the Board, it should be considered at the tenth special session of the Board.

637. At the same meeting, the Board decided to defer consideration of the draft proposal in TD/B/L.520 until its tenth special session. 50/

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

(Agenda item 9)

638. At its 510th meeting, on 17 September 1978, the Board adopted the draft report on its eighteenth session (TD/B/L.511 and Add.1-8) with a number of amendments, and authorized the Rapporteur to complete the report as appropriate and make any necessary editorial changes. In so doing, it adopted its fourteenth annual report to the General Assembly at its thirty-third session, consisting of the reports on the second part and third (Ministerial) part of its ninth special session (held from 23 to 27 January and from 6 to 11 March 1978, respectively); the report on the second part of its seventeenth session (held on 4 April 1978); and the report on its eighteenth session (held from 29 August to 17 September 1978).

S. Closure of the session

639. At the 510th meeting, on 17 September 1978, the President declared the eighteenth session of the Trade and Development Board closed.

50/ The text of this draft proposal is reproduced in Annex IV below, section A.

ANNEX I

Resolutions and decisions adopted by the Trade and Development Board
at its eighteenth session

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RESOLUTIONS AND DECISIONS ADOPTED BY
THE TRADE AND DEVELOPMENT BOARD AT ITS
EIGHTEENTH SESSION

RESOLUTIONS

171 (XVIII). Special measures in favour of the least developed among the developing countries

The Trade and Development Board,

Recalling resolutions 62 (III) of 19 May 1972 and 98 (IV) of 31 May 1976 of the United Nations Conference on Trade and Development, adopted unanimously, on special measures in favour of the least developed among the developing countries,

Taking note of the report of the Meeting of Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the Least Developed Countries 1/ and of the report of the Intergovernmental Group on the Least Developed Countries on its second session, 2/

Noting with deep concern the precarious condition of the economies of the least developed countries, as described in a note by the UNCTAD secretariat, 3/

1. Fully endorses resolution 4 (II) adopted by the Intergovernmental Group on the Least Developed Countries as contained in the report of the Group on its second session, 4/ which includes the conclusions and recommendations of the Meeting of Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the Least Developed Countries; 5/

2. Requests the Secretary-General of UNCTAD to convene, after the fifth session of the United Nations Conference on Trade and Development, another special meeting of multilateral and bilateral financial and technical assistance institutions with representatives of the least developed countries, with terms of reference similar to those of the first Meeting, as called for in paragraph 7 (c) of resolution 4 (II) of the Intergovernmental Group, and in paragraph 22 of the conclusions and recommendations of the above-mentioned Meeting; 5/

1/ TD/B/681.

2/ TD/B/719 (reproduced in Official Records of the Trade and Development Board, Eighteenth Session, annexes, agenda item 6 (c).

3/ "Special measures in favour of the least developed among the developing countries: issues for consideration by the Intergovernmental Group" (TD/B/AC.17/7).

4/ TD/B/719, annex I (see foot-note 2 above).

5/ TD/B/681, part two.

3. Decides, as recommended by the Intergovernmental Group on the Least Developed Countries in paragraph 36 of its resolution 4 (II), to reconvene the Intergovernmental Group within the next three years, and under the terms of reference as specified in Trade and Development Board resolution 119 (XIV) of 13 September 1974;

4. Requests the Secretary-General of UNCTAD to convene, late in 1979, a group of high-level experts to be appointed by him after informal consultations with regional groups, to consider the results of the studies called for in paragraphs 30 and 32 of resolution 4 (II) of the Intergovernmental Group and to make recommendations on a new programme of special measures for the least developed countries during the 1980s, as called for in paragraph 33 of resolution 4 (II) of the Intergovernmental Group.

510th meeting
17 September 1978

173 (XVIII). Integrated Programme for Commodities

The Trade and Development Board,

Recognizing the urgent need to ensure the implementation of resolution 93 (IV) adopted by the United Nations Conference on Trade and Development on 30 May 1976 through an overall approach,

Recalling resolution 1 (III), decision 2 (V) and resolution 3 (VI) of the Ad hoc Intergovernmental Committee for the Integrated Programme for Commodities, 6/

Bearing in mind the statement by the Chairman of the Ad hoc Intergovernmental Committee 7/ on the present status of the negotiations within the context of the Integrated Programme for Commodities,

Bearing in mind also the comprehensive report by the Secretary-General of UNCTAD on progress under Conference resolution 93 (IV), 8/

Taking into account the slow pace of progress in the preparatory work on different individual commodities, and in consequence the necessity to give a positive impetus to such preparatory work and negotiations,

Reaffirming the role of a Common Fund as a key instrument in attaining the agreed objectives of the Integrated Programme for Commodities and recognizing the decision to reconvene the United Nations Negotiating Conference on a Common Fund under the Integrated Programme for Commodities in November 1978,

Stressing the need to identify and implement, in the context of international commodity agreements or arrangements, all relevant measures in the light of the characteristics and problems of each individual commodity and the special needs of developing countries,

6/ See, respectively, TD/B/IPC/AC/11, annex I, TD/B/IPC/AC/18, annex I and TD/B/IPC/AC/21, annex I.

7/ TD/B(XVIII)/SC.1/Misc.1.

8/ TD/B/IPC/AC/20 and Add.1 and 2.

Noting with concern the effects of continuing wide fluctuations in, and the depressed state of, the international prices of a number of commodities covered by Conference resolution 93 (IV),

Taking note of the recommendation by the Ad hoc Intergovernmental Committee in its resolution 3 (VI) to extend the timetable as envisaged in paragraphs 4 and 5 of section IV of Conference resolution 93 (IV) until the end of 1979,

1. Emphasizes that the Ad hoc Intergovernmental Committee for the Integrated Programme for Commodities, in conformity with its mandate under Trade and Development Board decision 140 (XVI) of 23 October 1976, must play a positive and active role in monitoring, and assisting Governments to evaluate, the preparatory work and negotiations, and particularly in making recommendations on major policy issues that may arise, so as to facilitate the implementation of the Integrated Programme for Commodities as embodied in Conference resolution 93 (IV);

2. Requests the Secretary-General of UNCTAD, in the light of paragraph 4 of Board decision 140 (XVI), to report in greater detail on the progress in the preparatory work and negotiations, and particularly on the key problems encountered therein, with a view to facilitating the preparation of draft proposals in the light of paragraph 4 of section IV of Conference resolution 93 (IV), and with a view to assisting Governments in attaining an overall view of progress in the implementation of the Integrated Programme for Commodities;

3. Urges all the participating Governments to ensure faster progress in the preparatory meetings and negotiations and to make determined efforts to secure, where appropriate, the early convening and conclusion of negotiating conferences within the extended time-frame, and to make the necessary efforts to ensure that substantial progress is achieved in as many negotiations and preparatory meetings as possible.

510th meeting
17 September 1978

176 (XVIII). The exploitation of the sea-bed beyond the limits of national jurisdiction

The Trade and Development Board,

Taking note of the note presented by the secretariat of UNCTAD on the negotiations held at the Third United Nations Conference on the Law of the Sea, related to the exploitation, for commercial purposes, of the resources of the sea-bed and the ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction, 9/

Bearing in mind resolution 51 (III) of the United Nations Conference on Trade and Development of 19 May 1972, whereby the Conference decided that the question of the economic consequences and implications for the economies of the developing countries resulting from the exploitation of mineral resources should be kept constantly under review by the Conference and its subsidiary organs, in particular the Trade and Development Board,

Recalling General Assembly resolution 2749 (XXV) of 17 December 1970, in which the Assembly declared that the sea-bed and ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction, as well as the resources of that area, are the common heritage of mankind,

Recalling further General Assembly resolution 2574 D (XXIV) of 15 December 1969, in which the Assembly declared that, pending the establishment of an international regime, States and persons, physical or juridical, were bound to refrain from all activities of exploitation of the resources of the area of the sea-bed and ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction, and that no claim to any part of that area or its resources should be recognized,

Taking into account that the Third United Nations Conference on the Law of the Sea has made progress towards the early adoption of a new Convention, which would provide for the establishment of an International Sea-Bed Authority entitled to administrate the area of the sea-bed and ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction, as the common heritage of mankind,

Considering that any unilateral actions designed to carry on the exploitation of that area, before a Convention on the Law of the Sea is adopted, would violate the aforementioned resolutions of the General Assembly, would jeopardize the current negotiations and would damage the interests of the international community,

Considering further that the exploitation of mineral resources of the sea-bed and ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction, undertaken by States and persons, physical or juridical, outside the framework of a universal Convention and without the control of the Authority called to manage that area, might have very serious consequences for the economies and trade of other States and would undermine the concert of international agreements on mineral resources exploited both on land and in the sea-bed,

1. Calls upon all States to refrain from adopting legislation or any other measures designed to carry on the exploitation of the sea-bed and ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction, until an international regime is adopted at the Third United Nations Conference on the Law of the Sea;

2. Reiterates that any unilateral actions in contravention of the pertinent resolutions of the General Assembly would not be recognized by the international community and would be invalid according to international law;

3. Stresses that States which might undertake such unilateral actions would have to assume the responsibility for their consequences both on the outcome of the Third United Nations Conference on the Law of the Sea and on negotiations on commodities related to the exploitation of mineral resources from the sea-bed;

4. Urges all States to make the necessary efforts with a view to ensuring the success of that Conference and other current negotiations;

5. Requests the Secretary-General of UNCTAD to transmit this resolution to the Secretary-General of the United Nations and to the Third United Nations Conference on the Law of the Sea, in order that its contents be made known to member States.

510th meeting
17 September 1978

The Trade and Development Board,

Bearing in mind that the International Development Strategy for the Second United Nations Development Decade, 10/ in paragraph 37, set the goal of 31 December 1972 for the reaching of concrete and significant results in the control of restrictive business practices,

Recalling resolution 73 (III) of the United Nations Conference on Trade and Development, of 19 May 1972, and General Assembly resolution 3362 (S-VII) of 16 September 1975 which, inter alia, called for the elimination of restrictive business practices, particularly those adversely affecting the trade of developing countries,

Recalling further that the Conference, in resolution 96 (IV) of 31 May 1976, decided that action should be taken at the international level, particularly within the framework of UNCTAD, including negotiations with the objective of formulating a set of multilaterally agreed equitable principles and rules for the control of restrictive business practices having adverse effects on international trade, particularly that of developing countries, and on the economic development of these countries,

Bearing in mind also that action, whenever possible, should be taken at national, regional and international levels, particularly within the framework of UNCTAD on other matters in paragraphs 1 to 3 of section III of Conference resolution 96 (IV) and in accordance with its terms,

Taking into account that the Trade and Development Board at the second part of its seventeenth session requested the Third Ad hoc Group of Experts on Restrictive Business Practices to submit the reports on its third, fourth and fifth sessions to the Board at its eighteenth session, thereby enabling it to take appropriate action concerning institutional arrangements for the negotiation of the said principles and rules,

1. Takes note of the reports of the Third Ad hoc Group of Experts on Restrictive Business Practices on its third, fourth and fifth sessions; 11/
2. Welcomes the significant progress made at the expert group level on the formulation of a set of principles and rules;
3. Decides to convene a further session, of three weeks' duration, of the Ad hoc Group of Experts before the fifth session of the United Nations Conference on Trade and Development in order to enable the Group of Experts to complete its work on the set of principles and rules and to make further progress on a model law or laws on restrictive business practices;
4. Recommends that the General Assembly, at its thirty-third session, convene in the period between September 1979 and April 1980 a United Nations Conference to negotiate, on the basis of the work of the Third Ad hoc Group of Experts, and to take all decisions necessary for the adoption of, a set of multilaterally agreed equitable principles and rules for the control of restrictive business practices having adverse effects on international trade, particularly that of developing

10/ Adopted by the General Assembly in resolution 2626 (XXV) of 24 October 1970.

11/ Respectively, TD/B/C.2/AC.6/10, TD/B/C.2/AC.6/13 and TD/B/C.2/AC.6/18.

countries, and on the economic development of these countries, including a decision on the legal character of the principles and rules, and that it authorize the United Nations Conference on Trade and Development at its fifth session to take appropriate actions for the negotiating Conference, including decisions on relevant issues and, in particular, the determination of the precise dates for the negotiating Conference within the above-indicated period.

510th meeting
17 September 1978

180 (XVIII). Preparatory work on copper

The Trade and Development Board,

Noting the results of the Third and Fourth Preparatory Meetings on Copper, 12/

Taking into account the objectives established in Conference resolution 93 (IV) of 30 May 1976,

Taking further into account resolution 3 (VI) of the Ad hoc Intergovernmental Committee for the Integrated Programme for Commodities, 13/

Decides:

(a) To request the Secretary-General of UNCTAD to convene a Fifth Preparatory Meeting on Copper before the end of October 1978, to accelerate the work towards the implementation of the tasks and procedures contained in paragraphs 4 and 5 of section IV of Conference resolution 93 (IV) within the framework and revised timetable of the Integrated Programme of Commodities:

(b) To request the Secretary-General of UNCTAD to prepare suitable documentation for the Meeting, taking into account the results of previous meetings on copper and the proposals and statements made at the present session of the Trade and Development Board:

(c) To request the Secretary-General of UNCTAD to convene, if the agreed conclusions of the Fifth Preparatory Meeting so require, a special session of the Trade and Development Board, in time for it to take the actions that it might deem appropriate for submission to the General Assembly at its thirty-third session;

(d) That, in the event that no agreement is reached at the Fifth Preparatory Meeting, the Ad hoc Intergovernmental Committee for the Integrated Programme for Commodities would be informed of the situation, so that it could consider appropriate action within its mandate.

510th meeting
17 September 1978

12/ Respectively, TD/B/IPC/COPPER/8 and TD/B/IPC/COPPER/11.

13/ See TD/B/IPC/AC/21, annex I.

DECISIONS

168 (XVIII). Establishment of the Working Party of the Trade and Development Board on the UNCTAD Programme Budget and the Medium-Term Plan

The Trade and Development Board decides that:

(a) The membership of the Working Party should in future remain the same for the consideration of the medium-term plan and the related programme budget;

(b) The 19 members of the Working Party which met in March/April 1978 to consider the medium-term plan 1980-1983 should continue in office to consider, in 1979, the UNCTAD programme budget 1980-1981; 14/

(c) During the first part of its nineteenth session, the Board will establish the membership of the Working Party which, in 1980, will consider the medium-term plan 1982-1985, and, in 1981, will consider the UNCTAD programme budget 1982-1983;

(d) The membership of the Working Party, when convened to assist in examining the impact of major decisions on the UNCTAD work programme, shall be that determined by the Board in its most recent decision on the matter.

497th meeting
29 August 1978

169 (XVIII). Addendum to the terms of reference of the Committee on Shipping

The Trade and Development Board,

Recalling Economic and Social Council resolution 2098 (LXIII) of 3 August 1977 and General Assembly resolution 32/206 of 21 December 1977,

Recalling also decision 34 (VIII) of the Committee on Shipping of 22 April 1977,

Bearing in mind the increasing interdependence of different modes of transport in international trade,

Having considered the note by the UNCTAD secretariat and the proposals by the Secretary-General of UNCTAD on the review of the terms of reference of the Committee on Shipping, 15/

Recognizing that there is no more competent body within UNCTAD than the Committee on Shipping to which the work on the global aspects of multimodal transport and containerization should be assigned,

14/ Following two substitutions announced at the current session (see para. 582 above) the membership of the Working Party is: Argentina, Canada, China, Colombia, France, German Democratic Republic, Germany, Federal Republic of, India, Japan, Mexico, Nigeria, Philippines, Poland, Qatar, Senegal, Sweden, Sudan, Union of Soviet Socialist Republics, United States of America.

15/ Respectively, TD/B/L.476 and TD/B/L.497 and Add.1.

1. Decides to adopt an addendum to the terms of reference of the Committee on Shipping, as annexed hereto;

2. Requests the Committee on Shipping at its ninth session to consider and adopt its programme of work in respect of multimodal transport and containerization, taking into account the above-mentioned addendum;

3. Requests the Secretary-General of UNCTAD to prepare, in close co-operation with the Inter-Governmental Maritime Consultative Organization, the regional commissions and other relevant United Nations organizations, a note containing suggestions for a programme of work of the Committee on Shipping in respect of multimodal transport and containerization to assist the Committee in its consideration.

509th meeting
15 September 1978

Annex

Addendum to the terms of reference of the
Committee on Shipping

The Trade and Development Board, in pursuance of Economic and Social Council resolution 2098 (LXIII) of 3 August 1977 and General Assembly resolution 32/206 of 21 December 1977, decides to entrust the work on the global aspects of multimodal transport and containerization, wherever there is a sea link, to the Committee on Shipping to be performed in co-ordination with all relevant bodies concerned in accordance with the following terms of reference, with respect to each of which it would co-operate closely with and support the programmes of the appropriate international bodies, especially the regional commissions and modal specialist organizations such as the Inter-Governmental Maritime Consultative Organization and the International Civil Aviation Organization:

1. To promote understanding and co-operation in the field of multimodal transport and containerization and to be available for the harmonization of the relevant policies of governments and regional economic groupings which fall within the competence of the Trade and Development Board;

2. To study, make recommendations, and undertake measures where appropriate on the ways in which international multimodal transport can most appropriately contribute to the accelerated development and facilitation of international trade, in particular of developing countries. Particular attention should be paid to the economic and related analysis of international multimodal transport, including its effect on trade, the balance of payments, and marketing and total distribution costs, as well as to the related policies and legislation of governments on matters which fall within the competence of the Trade and Development Board;

3. To make recommendations designed to promote the interests of shippers and the participation of multimodal transport operators of developing countries in international trade;

4. To promote assistance to developing countries and to support the regional commissions and the modal specialist organizations on questions connected with the economic and related aspects of technological development in the field of multimodal transport, including containerization and other systems of unitization;

5. To review the activities of other institutions within the United Nations system and international or intergovernmental organizations concerning technical assistance and international financing and aid in the field of multimodal transport and containerization and make recommendations in order to facilitate the co-ordination of these activities by the appropriate United Nations bodies.

170 (XVIII). Trade and economic aspects of disarmament

The Trade and Development Board

1. Recommends that the Secretary-General of UNCTAD establish as soon as possible close working contacts with the Ad hoc Group on the Relationship between Disarmament and Development appointed by the Secretary-General of the United Nations in accordance with General Assembly resolution 32/88 A of 12 December 1977 and provide it with available data and expertise on this matter;

2. Requests the Secretary-General of UNCTAD to inform the Trade and Development Board of the results and progress of the activities in this field as soon as appropriate.

510th meeting
17 September 1978

172 (XVIII). Trade and industrial co-operation between the developed and the developing countries

1. The Trade and Development Board approves the proposal of the UNCTAD and UNIDO secretariats concerning the establishment of an ad hoc UNCTAD/UNIDO Group of Experts, whose terms of reference are to undertake an examination, in pursuance of the objectives contained in paragraphs 8 and 9 in section II, D of resolution 96 (IV) of the United Nations Conference on Trade and Development, of 31 May 1976, of the trade and trade-related aspects of industrial collaboration which would be of benefit to developing countries in relation to international co-operation in the industrial development of developing countries. The experts shall take into account current practices in enterprise-to-enterprise arrangements as they concern trade and trade-related aspects of international co-operation on the industrial development of developing countries. They will also bear in mind the role of Governments in supporting such enterprise-to-enterprise arrangements, including the possible role of intergovernmental and other framework agreements or arrangements for promoting industrial collaboration, bilaterally, trilaterally or multilaterally. In their deliberations, the experts would take into account the sectoral consultations in UNIDO referred to in paragraph 10 in section II, D of Conference resolution 96 (IV).

2. The Ad hoc UNCTAD/UNIDO Group of Experts should be organized in accordance with paragraphs 12 (b)(i)-(iii) of the joint report by the secretariats of UNCTAD and UNIDO. 16/ The conclusions of the Ad hoc Group of Experts, which would include any recommendations it may arrive at, would be submitted to the Executive Heads of UNCTAD and the United Nations Industrial Development Organization, who will communicate them to their respective competent bodies.

3. In this connexion, the Trade and Development Board notes the decision of the Industrial Development Board at its twelfth session, in May 1978,^{17/} whereby the proposal to set up the Ad hoc Group of Experts was remitted as far as the United Nations Industrial Development Organization is concerned to the Permanent Committee of the Industrial Development Board at its eleventh session, to be held from 11 to 15 December 1978, with authority for the Permanent Committee, should it deem it appropriate, to take a decision. The Trade and Development Board requests the Secretary-General of UNCTAD, in consultation with the Executive Director of the United Nations Industrial Development Organization, to take the necessary steps to convene the Ad hoc UNCTAD/UNIDO Group of Experts as soon as a corresponding decision on convening the Group of Experts and on its terms of reference cited above is taken by the appropriate organs of the United Nations Industrial Development Organization.

510th meeting
17 September 1978

174 (XVIII) Economic co-operation among developing countries

The Trade and Development Board takes note with interest of the report of the Working Party on Trade Expansion and Regional Economic Integration among Developing Countries. ^{18/}

The Board also had before it a draft resolution on economic co-operation among developing countries submitted by the States members of the Group of 77. ^{19/}

The Board decides:

1. To transmit these documents to the Committee on Economic Co-operation among Developing Countries at its second session for careful consideration of the recommendations contained therein and specifically the proposed series of meetings referred to in the above-mentioned draft resolution;
2. To request the Secretary-General of UNCTAD to organize and convene during the year 1979 such meetings on economic co-operation among developing countries as may be decided upon by the Committee on Economic Co-operation among Developing Countries, and to take appropriate measures to ensure that sufficient time and resources are allocated for such meetings;
3. To this end to request the Secretary-General of UNCTAD to allocate a sufficient number of weeks in the calendar of meetings for 1979 for such meetings on economic co-operation among developing countries as may be decided upon by the Committee on Economic Co-operation among Developing Countries.

510th meeting
17 September 1978

^{17/} See Official Records of the General Assembly, Thirty-third Session, Supplement No. 16 (A/33/16) para. 50.

^{18/} TD/B/702-TD/B/C.7/9.

^{19/} The text of this draft resolution (TD/B(XVIII)/SC.I/L.6) is reproduced in annex IV below, sect. D.

175 (XVIII) Tungsten

The Trade and Development Board,

Taking into account the work so far accomplished on tungsten within UNCTAD, and the desirability of proceeding, within a reasonable time, to a negotiating stage aimed at the stabilization of the world tungsten market,

Decides to request the Secretary-General of UNCTAD to proceed to appropriate consultations and preparatory meetings with a view to facilitating a decision on the convening of a negotiating conference, if possible, within the fourth quarter of 1979.

510th meeting
17 September 1978

177 (XVIII) Extension of the timetable of the Integrated Programme for Commodities

The Trade and Development Board,

Taking into account the recommendation of the Ad hoc Intergovernmental Committee for the Integrated Programme for Commodities, contained in its resolution 3 (VI), to extend the timetable envisaged in paragraphs 4 and 5 of section IV of resolution 93 (IV) of the United Nations Conference on Trade and Development of 30 May 1976 until the end of 1979.

Decides:

1. To extend until the end of 1979 the timetable envisaged in paragraphs 4 and 5 of section IV of Conference resolution 93 (IV);
2. To request the General Assembly to provide the necessary resources to the UNCTAD secretariat;
3. To request the Secretary-General of UNCTAD to prepare a comprehensive report on the progress of work on the implementation of Conference resolution 93 (IV) of the United Nations Conference on Trade and Development for review at the fifth session of the Conference.

510th meeting
17 September 1978

179 (XVIII) The generalized system of preferences: consultation procedures

The Trade and Development Board takes note of the report by the Secretary-General of UNCTAD 20/ prepared in accordance with resolution 5 (VIII) of the Special Committee on Preferences of 1 July 1977, and in particular of the suggestions for improving the consultation machinery on individual schemes of generalized preferences. Bearing in mind the institutional arrangements provided in section VIII of the agreed conclusions on the generalized system of preferences which are annexed

to the decision 75 (S-IV) adopted by the Trade and Development Board at its fourth special session on 13 October 1970, the Board decides that future annual sessions of the Special Committee on Preferences, which should normally be convened for a period of two weeks, should be conducted according to the following procedure:

1. The plenary meetings of the Special Committee on Preferences should be devoted primarily to issues of a general character concerning the generalized system of preferences;
2. During the sessions of the Special Committee on Preferences, informal plurilateral consultations should be held on individual schemes, if so requested, between preference-receiving countries, on the one hand, and the preference-giving country concerned, on the other. These plurilateral consultations would be private and confidential in character;
3. The annual sessions of the Special Committee on Preferences should, so far as possible, be so timed as to precede the domestic reviews conducted regularly or on an ad hoc basis by preference-giving countries of their respective schemes, to enable these countries to take into account the consultations in the Special Committee on Preferences with a view to the continued improvement of their schemes. The private and plurilateral consultations may, by mutual agreement, be resumed. The dates for such resumed consultations shall be set by the Secretary-General of UNCTAD in consultation with the parties concerned;
4. The UNCTAD secretariat will prepare necessary background material for the annual reviews of the generalized system of preferences and, at the request of interested parties, additional documentation for the plurilateral consultations on individual schemes, and will assist the participants in such consultations at their request;
5. For the purposes set out in paragraph 4, both preference-giving and preference-receiving countries are requested to assist the secretariat with the collection, well in advance of the sessions of the Special Committee, of such detailed and comprehensive information as may be required.

510th meeting
17 September 1978

181 (XVIII) Review of the calendar of meetings

The Trade and Development Board

Approves the calendar of meetings for the remainder of 1978 and for 1979, and the tentative schedule of meetings for 1980 and 1981, annexed hereto.

510th meeting
17 September 1978

Annex

Calendar of meetings for the remainder of 1978 and for 1979
and tentative schedule of meetings for 1980 and 1981 */

1978

	<u>Date</u>	<u>Duration</u>
Intergovernmental Preparatory Group on a Convention on International Multimodal Transport, fifth session	13 September - 6 October	3 weeks
Committee on Economic Co-operation among Developing Countries, second session	2-9 October	6 days
United Nations Conference to Negotiate an International Arrangement to Replace the International Wheat Agreement, 1971, as extended: Interim Committee, third session	16-20 October (London)	1 week
United Nations Conference on an International Code of Conduct on the Transfer of Technology	16 October - 10 November	4 weeks
Committee on Invisibles and Financing related to Trade, eighth session, second part	23 October - 3 November	2 weeks
United Nations Conference to Negotiate an International Arrangement to Replace the International Wheat Agreement, 1971, as extended (resumed)	6-24 November <u>a/</u>	3 weeks
United Nations Negotiating Conference on a Common Fund under the Integrated Programme for Commodities, second session (resumed)	14-27 November	2 weeks
<u>Ad hoc</u> Intergovernmental Group on Container Standards for International Multimodal Transport, second session	20 November - 1 December	2 weeks
Committee on Transfer of Technology, second session	4-15 December	2 weeks

*/ Except where otherwise indicated, all meetings are to be held in Geneva.

a/ Unless the Interim Committee, at its meeting from 16 to 20 October, agrees otherwise.

<u>1978</u>	<u>Date</u>	<u>Duration</u>
Trade and Development Board, special session	If required	2 days
Working parties, study groups and expert groups <u>b/</u>	-	-
Other meetings under the Integrated Programme for Commodities <u>c/</u>		

1979

Note: The calendar of meetings following the fifth session of the Conference may have to be adjusted in the light of the recommendations and decisions of the Conference.

	<u>Date</u>	<u>Duration</u>
Technical Committee of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT, eighth session	15-19 January	1 week
Working Group on International Shipping Legislation, sixth session	22 January- 2 February	2 weeks
United Nations Cocoa Conference, 1979	22 January- 2 March <u>d/</u>	6 weeks
Joint Advisory Group on the International Trade Centre UNCTAD/GATT, twelfth session	26 February- 2 March	1 week

b/ Meetings foreseen under this heading for the remainder of 1978 are as follows (the text authorizing each meeting is indicated in parentheses):

Intergovernmental group of experts on debt and development problems of developing countries (Board decision 165 (S-IX))	2-10 October	1 1/2 weeks
Working Group on Rules of Origin, seventh session (report of the Special Committee on Preferences on its eighth session (<u>Official Records of the Trade and Development Board, Seventeenth Session, Supplement No. 4 (TD/B/653), para. 194</u>))	16-20 October	1 week
<u>Ad Hoc</u> Group of Experts to study improved methods of expanding exports of least developed countries (Conference resolution 98 (IV), para. 36)	13-21 November	1 1/2 weeks

c/ See TD/B/IPC/AC/21, annex II.

d/ Subject to confirmation by the International Cocoa Council at its fifth special session, on 14 and 15 December 1978.

<u>1979</u>	<u>Date</u>	<u>Duration</u>
Intergovernmental Preparatory Group on a Convention on International Multimodal Transport, sixth session (if required)	26 February - 9 March	2 weeks
Trade and Development Board, tenth special session	5-16 March	2 weeks
Third <u>Ad hoc</u> Group of Experts on Restrictive Business Practices, sixth session	19 March - 6 April	3 weeks
United Nations Conference on Olive Oil, 1979	20 March - 6 April	3 weeks
Preparatory Working Group on Tungsten, second session	9-12 April	4 days
United Nations Conference on Trade and Development:		
- Pre-conference meeting	3-4 May (Manila)	2 days
- Fifth session	7 May - 1 June (Manila)	4 weeks
Trade and Development Board, nineteenth session, first part <u>e/</u>	2-19 October	3 weeks
United Nations Conference on a Convention on International Multimodal Transport <u>f/</u>	22 October - 16 November	4 weeks
Committee on Manufactures, ninth session	to be determined	2 weeks
Sessions of two of the main committees (if required)	to be determined	2 weeks each
Special Committee on Preferences, ninth session (if required)	to be determined	2 weeks
Committee on Tungsten, twelfth session (if required)	to be determined	1 week
United Nations Negotiating Conference on Restrictive Business Practices	to be determined	4 weeks

e/ Duration of the session to be reviewed by the Conference. The Working Party on the Programme Budget and the Medium-Term Plan will meet during the week 1-5 October 1979 to consider the detailed programme budget for the biennium 1980-1981.

f/ Subject to approval by the General Assembly.

g/ Subject to approval by the General Assembly. If so approved, the fifth session of the Conference will determine the precise dates.

<u>1979</u>	<u>Date</u>	<u>Duration</u>
United Nations Conference on Tungsten (if required)	To be determined	4 weeks
Working parties, study groups and expert groups <u>h/</u>	As required	up to 16 weeks
Meetings under the Integrated Programme for Commodities	As required	up to 50 weeks
<u>1980</u>		
Technical Committee of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT, ninth session	January	1 week
Joint Advisory Group on the International Trade Centre UNCTAD/GATT, thirteenth session	February/March	1 week
Working Party on the Medium-Term Plan and Programme Budget <u>i/</u>	March/April	1 week
Trade and Development Board, nineteenth session, second part <u>j/</u>	March/April	1 day
Trade and Development Board, twentieth session, first part	26 August - 12 September	3 weeks
Trade and Development Board (special session at Ministerial level, preceded by meeting of senior officials) <u>k/</u>	As required	1-2 weeks

h/ Meetings foreseen under this heading are as follows (the text authorizing each meeting is indicated in parentheses):

- Group of Governmental Experts on the concepts of the present aid and flow targets (Board decision 125 (XIV))
- Ad hoc UNCTAD/UNIDO Group of Experts on the trade and trade-related aspects of industrial collaboration (Board decision 172 (XVIII))
- Meeting of multilateral and bilateral financial and technical assistance institutions with representatives of the least developed countries (Board resolution 171 (XVIII))
- Group of high level experts on special measures for the least developed countries during the 1980s (Board resolution 171 (XVIII))
- Such meetings as may be decided upon by the Committee on Economic Co-operation among Developing Countries (up to 10 weeks) (see Board decision 174 (XVIII))

i/ To consider the medium-term plan 1982-1985.

j/ To consider the report of the Working Party on the Medium-Term Plan and Programme Budget.

k/ In accordance with Conference resolution 90 (IV), section II, paragraph 2.

<u>1980</u>	<u>Date</u>	<u>Duration</u>
Sessions of all main Committees <u>l</u> / (including the Special Committee on Preferences)	Throughout the year, 2 weeks each	14 weeks
Committee on Tungsten (if required)	To be determined	1 week
Permanent Group on Synthetics and Substitutes, seventh session	To be determined	1 week
Working Group on International Shipping Legislation, seventh session	To be determined	2 weeks
Intergovernmental Group on the Least Developed Countries, third session	To be determined	2 weeks
Commodity conferences and other commodity meetings	As required	up to 20 weeks
Working parties, study groups, expert groups	As required	up to 16 weeks

1981

Technical Committee of the Joint Advisory Group on the International Trade Centre, UNCTAD/GATT, tenth session	January	1 week
Joint Advisory Group on the International Trade Centre UNCTAD/GATT, fourteenth session	February/March	1 week
Working Party on the Medium-Term Plan and Programme Budget <u>m</u> / Trade and Development Board, twentieth session, second part <u>n</u> / Trade and Development Board, twenty-first session, first part	March/April	{ 1 week { 1 day
Sessions of three to four main Committees (including Special Committee on Preferences)	throughout the year, 2 weeks each	6-8 weeks
Committee on Tungsten (if required)	to be determined	1 week
Commodity conferences and other commodity meetings	as required	up to 20 weeks
Working parties, study groups and expert groups	as required	up to 16 weeks

l/ Unless some are held in the latter part of 1979.

m/ To consider the programme budget 1982-1983.

n/ To consider the report of the Working Party on the Medium-Term Plan and Programme Budget.

OTHER DECISIONS TAKEN BY THE BOARD AT ITS
EIGHTEENTH SESSION

(a) Rules and procedures of the main Committees of the Trade and Development Board 21/

At its 506th meeting, on 8 September 1978, the Board approved a single set of rules of procedure applicable to all the main Committees of the Board.

(b) Rationalization of the structure of the permanent machinery of UNCTAD 22/

At its 506th meeting, on 8 September 1978, the Board decided that in view of the nature and scope of the issue, it would defer consideration in depth of the issue of rationalization of the structure of the permanent machinery of UNCTAD until the fifth session of the United Nations Conference on Trade and Development, it being understood that this decision was without prejudice to any further consultations held on this matter in the interim.

(c) Designation of intergovernmental bodies for the purposes of rule 78 of the rules of procedure of the Trade and Development Board 23/

At its 507th meeting, on 12 September 1978, the Board approved the applications of the following intergovernmental bodies for designation for the purposes of rule 78 of its rules of procedure and rule 80 of the rules of procedure of the Conference:

African, Caribbean and Pacific Group of States
Arab Bank for Economic Development in Africa
Arab League Educational, Cultural and Scientific Organization
Arab Organization for Agricultural Development
Arab Organization of Administrative Sciences
Arab Tourism Union
Association of African Trade Promotion Organizations
Industrial Development Centre for Arab States

(d) Review of the effectiveness of the arrangements, under Board decision 43 (VII), for the participation of non-governmental organizations in the activities of UNCTAD 24/

At its 507th meeting, on 12 September 1978, the Board took note of a note by the UNCTAD secretariat on this subject 25/ and decided to defer its review of the arrangements for the participation of non-governmental organizations in the activities of UNCTAD until such time as the Economic and Social Council had made recommendations for the rationalization and harmonization of consultative relationships with the non-governmental organizations by the organizations of the United Nations system as a whole, pursuant to the request contained in paragraph 15, section II, of the annex to General Assembly resolution 32/197.

21/ See paras. 592-594 above. The rules of procedure of the main Committee of the Board will be issued in printed form in TD/B/706/Rev.1.

22/ See para. 602 above.

23/ See para. 575 above.

24/ See para. 578 above.

25/ TD/B/L.504.

(e) Designation and classification of non-governmental organizations for the purposes of rule 79 of the rules of procedure of the Trade and Development Board 26/

At its 508th meeting, on 13 September 1978, the Board approved the applications of the following eight non-governmental organizations, for designation for the purposes of rule 79 of its rules of procedure and rule 81 of the rules of procedure of the Conference, and decided in accordance with the recommendations of the Secretary-General of UNCTAD that they should be classified as follows:

General category

Christian Democratic World Union

Confederation of International Trading Houses Associations

International Foundation for Development Alternatives

Union of Arab Banks

Women's International League for Peace and Freedom

Special category for the UNCTAD organ (other than the Board) indicated

UNCTAD organ

Committee for International Cooperation
between Cotton Associations

Committee on Commodities

International Association of Mutual
Insurance Companies

Committee on Invisibles and
Financing related to Trade;
Committee on Economic Co-operation
among Developing Countries

International Reclamation Bureau

Committee on Commodities;
Committee on Manufactures

(f) Provisional agenda for the fifth session of the Conference 27/

At its 510th meeting, on 17 September 1978, the Board adopted the provisional agenda for the fifth session of the United Nations Conference on Trade and Development, on the understanding that it would revert to the wording of item 17 at its tenth special session.

26/ See para. 576 above.

27/ See para. 199 above. For the text of the provisional agenda for the fifth session of the Conference, see annex II below.

(g) Organization of the fifth session of the Conference 28/

At its 510th meeting, on 17 September 1978, the Board approved the arrangements concerning the organization of the fifth session of the United Nations Conference on Trade and Development and commended them to the attention of the pre-Conference meeting and of the Conference itself, subject to such further decisions as might be taken by the Board at its tenth special session.

(h) Intergovernmental Preparatory Group on a Convention on International Multimodal Transport 29/

At its 510th meeting, on 17 September 1978, the Board authorized the Intergovernmental Preparatory Group on a Convention on International Multimodal Transport, should it complete its work at its fifth session, to submit to the General Assembly, at its thirty-third session, through the Economic and Social Council, its recommendations concerning the convening of a conference of plenipotentiaries on a convention on international multimodal transport.

see annex III

ANNEX II

Provisional agenda for the fifth session of the United Nations Conference on Trade and Development a/

1. Opening of the Conference
2. Election of the President
3. Constitution of sessional bodies
4. Election of Vice-Presidents and the Rapporteur
5. Credentials of representatives to the Conference:
 - (a) Appointment of the Credentials Committee
 - (b) Report of the Credentials Committee
6. Adoption of the agenda
7. General debate
8. 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 and UNCTAD's necessary contribution to a New International Development Strategy for the Third United Nations Development Decade
9. Developments in international trade
 - (a) Protectionism: trends and short-term and long-term policies and actions needed to deal with the problems
 - (b) Multilateral trade negotiations: evaluation and further recommendations arising therefrom
10. Commodities
 - (a) Integrated Programme for Commodities

Review of implementation and follow-up action, including the on-going preparatory work and negotiations
 - (b) Other elements

a/ Adopted by the Board at its 510th meeting (see para. 199 above).

11. Manufactures and semi-manufactures

(a) *Comprehensive measures* required to expand and diversify the export trade of developing countries in manufactures and semi-manufactures

(b) Principles and rules and other issues relating to restrictive business practices

(c) Review and evaluation of the generalized system of preferences

(d) Review of the implementation of Conference resolutions 96 (IV) b/ and 97 (IV) c/

12. Monetary and financial issues

(a) Consideration of requirements of the international monetary system which would foster world trade and development, compatible with the needs of a satisfactory international adjustment process, taking account of the adverse effects of fluctuating exchange rates and world inflation, and in particular, taking into account the development of developing countries and their needs for balance-of-payments support

(b) Measures to augment the net flow and improve the conditions of resource transfers from developed to developing countries

(i) Official bilateral and multilateral finance

(ii) Private capital flows

(c) Other financing issues related to trade

(d) (i) Review of implementation and further action that may be required pursuant to Trade and Development Board resolution 165 (S-IX), part A d/

(ii) Detailed features for future operations relating to debt problems of interested developing countries (Trade and Development Board resolution 165 (S-IX), part B)

(e) Review of the present system of international financial co-operation in the context of world trade and development and consideration of ways and means within this context to make it more effective in contributing to the development of developing countries

13. Technology

(a) International code of conduct on the transfer of technology

b/ Conference resolution 96 (IV): "A set of interrelated and mutually supporting measures for expansion and diversification of exports of manufactures and semi-manufactures of developing countries".

c/ Conference resolution 97 (IV): "Transnational corporations and expansion of trade in manufactures and semi-manufactures".

d/ Board resolution 165 (S-IX): "Debt and development problems of developing countries".

(b) UNCTAD's contribution to economic, commercial and development aspects of the industrial property system in the context of its on-going revision

(c) Strengthening the technological capacity of the developing countries including accelerating their technological transformation

(d) Development aspects of the reverse transfer of technology

14. Shipping

(a) Developments pertaining to the Convention on a Code of Conduct for Liner Conferences

(b) Participation of developing countries in world shipping and the development of their merchant marines.

15. Least developed among developing countries

Special measures in favour of the least developed among developing countries and further action aimed at improving their economic situation and accelerating their development

16. Land-locked and island developing countries

(a) Specific action related to the particular needs and problems of land-locked developing countries

(b) Specific action related to the particular needs and problems of island developing countries

17. Trade relations among countries having different economic and social systems

[Appropriate bilateral and multilateral action to expand and diversify further the trade flows among these countries and, in particular, measures which would contribute to the development of developing countries.] e/

[Trade relations among countries having different economic and social systems including problems of East-West trade, paying attention particularly to the trade interests of developing countries.] f/

18. Economic co-operation among developing countries

(a) Consideration of UNCTAD's work programme on measures for strengthening economic co-operation among developing countries

e/ Text presented by Colombia, on behalf of the States members of the Group of 77.

f/ Text presented by Czechoslovakia, on behalf of the States members of Group D.

Note relating to item 17

(a) The Federal Republic of Germany, on behalf of Group B, supported the text of the Group of 77.

(b) China supported the text of the Group of 77.

(c) The wording of this item of the provisional agenda will be considered by the Trade and Development Board at its tenth special session.

(b) Recommendations for improved institutional arrangements to promote and strengthen economic co-operation among developing countries

(c) Measures of support for closer economic co-operation among developing countries

19. Institutional issues

Consideration of measures to enable UNCTAD to carry out its role more effectively, including the rationalization and restructuring of its permanent machinery

20. Other business

21. Adoption of the report of the Conference to the General Assembly

ANNEX III

Organization of the fifth session of the United Nations
Conference on Trade and Development

In the light of General Assembly resolution 32/139, of the experience of previous sessions of the Conference, and of the provisional agenda adopted for the session (see annex II above), the Board endorsed the following arrangements concerning the organization of the fifth session of the Conference and commended them to the attention of the pre-Conference meeting and of the Conference itself, subject to such further decisions as might be taken by the Board at its tenth special session: a/

- (i) The fifth session of the Conference will be held at Manila, Philippines, from 7 May to 1 June 1979;
- (ii) A pre-Conference meeting of senior officials open to all States members of UNCTAD will be held on 3 and 4 May 1979, also at Manila, to settle as many as possible of the organizational, administrative and procedural matters of the Conference, subject to final decision by the Conference itself; in particular, the pre-Conference meeting would endeavour to reach agreement on an equitable geographical distribution of posts for the officers of the Conference and its sessional bodies;
- (iii) The Credentials Committee to be established under rule 14 of the rules of procedure of the Conference would be composed of the same nine States as will be members of the Credentials Committee of the General Assembly at its thirty-third session;
- (iv) The composition of the Bureau of the Conference to be established in accordance with the provisions of rule 22 of the rules of procedure of the Conference would follow the same geographical distribution as that of the Bureau of the fourth session of the Conference (see appendix 1 below), with the understanding that the President of the Conference will be the head of the host country's delegation;
- (v) The Chairmen of the six Negotiating Groups (see (vi) below) and the co-ordinators of regional groups would be fully associated with the work of the Bureau of the Conference;
- (vi) For the consideration of the substantive items on its agenda - other than the general debate that will take place in Plenary - the Conference would establish under rule 62 of its rules of procedure one main committee, to be known as the Sessional Committee, and six Negotiating Groups; the Sessional Committee and the Negotiating Groups would be open to participation of all members of the Conference; they would consider the items referred to them and report back to the Plenary; b/

a/ See para. 200 above.

b/ The question of the allocation of items to the Sessional Committee and the Negotiating Groups is to be determined by the Board at its tenth special session (see para. 200 above).

- (vii) In accordance with rule 65 of the rules of procedure of the Conference, the Sessional Committee would in addition to its Chairman, elect a Vice-Chairman and a Rapporteur; the Negotiating Groups would each elect a Chairman and two Vice-Chairmen. In electing the officers of sessional bodies, due account would be taken of the need to ensure an equitable geographical distribution of posts;
- (viii) The total meeting facilities would be distributed as required among the Plenary, the Sessional Committee and the Negotiating Groups, it being understood that a maximum of six meetings with interpretation can be held simultaneously;
- (ix) Summary records would be dispensed with for the Conference, on the understanding that the full texts of the policy statements delivered in general debate would be issued as part of the Proceedings of the Conference;
- (x) At the beginning of the proceedings, the Conference would adopt a time-table to which it should adhere as strictly as possible in order to fully utilize the available resources and facilities; this time-table would make adequate allowance for meetings of regional groups;
- (xi) Governments would, in so far as possible, designate as heads of delegation persons of ministerial or equivalent rank, and a schedule for their participation would be established at the tenth special session of the Board, so that their presence could be used to best advantage;
- (xii) The reports of the Board to the General Assembly on its sixteenth, seventeenth and eighteenth sessions and on its eighth, ninth and tenth special sessions would be deemed to constitute the report of the Board to the Conference at its fifth session;
- (xiii) In the preparation of his draft report, the Rapporteur of the Conference would be assisted by a group of "Friends of the Rapporteur" the composition of which would follow the same geographical distribution as that of the similar group at the fourth session of the Conference (see appendix 2 below);
- (xiv) The report of the Conference on its fifth session would follow the general format of the report on the fourth session, and would thus consist essentially of three parts dealing in turn with action taken by the Conference, a summary of proceedings and organizational and procedural matters, to be followed by relevant annexes.

Appendix 1

Composition of the Bureau of the Conference

1. Pursuant to rule 22 of the rules of procedure of the Conference, the Bureau of the Conference shall consist of

- (a) The President of the Conference;
- (b) The Rapporteur of the Conference;
- (c) The Chairmen of the main committees;
- (d) A number of Vice-Presidents, bringing the membership of the Bureau to a total of 35.

2. Under paragraph (vi) of the arrangements reproduced above, only one main committee of the Conference will be established. There would consequently be need to elect thirty-two Vice-Presidents. In accordance with rule 17 of the rules of procedure and in order to ensure the desired geographical distribution, their election should take place after the election of the Rapporteur of the Conference and of the Chairman of the Sessional Committee.

3. The geographical distribution of the Bureau at the fourth session of the Conference, at which likewise only one main committee was established, was as follows:

Africa	7 (President, 6 Vice-Presidents)
Asia	7 (7 Vice-Presidents)
Group B	9 (Chairman of main committee, 8 Vice-Presidents)
Latin America	7 (7 Vice-Presidents)
Group D	4 (Rapporteur, 3 Vice-Presidents)
China	1 (Vice-President)
Total	<u>35</u>

Appendix 2

Composition of the group of Friends of the Rapporteur

At the fourth session of the Conference, the group of Friends of the Rapporteur was composed of eleven members, as follows:

Two members from Africa;

Two members from Asia;

Two members from Latin America;

Two members from Group B;

Two members from Group D;

One member from China.

ANNEX IV

Texts remitted for further consideration
by the Board or its subsidiary bodies

A Texts remitted for further consideration by
the Board at its tenth Special Session

Documentation problems and their effect on the work
programme of UNCTAD

Draft proposal submitted by the representative of the
Philippines
[TD/B/L.520]

Aware of the strain and burden that the holding at Geneva of additional meetings of bodies that do not have their headquarters at Geneva brings to bear on the services of the United Nations Office at Geneva, in particular in respect of the translation and reproduction of documentation,

Mindful of the fact that the task facing UNCTAD calls for an extremely heavy calendar of meetings involving a whole chain of intergovernmental activities and intricate processes of negotiations, and consequently requires the availability of a conference servicing infrastructure that can be fully relied upon at all times,

1. Calls the attention of the General Assembly to the problems created for the proper conduct of UNCTAD affairs by the overburdening of the United Nations conference facilities at Geneva through the holding at Geneva of meetings of bodies based elsewhere;

2. Appeals to the General Assembly to facilitate the work of UNCTAD by limiting to the maximum possible extent the holding at Geneva of meetings of bodies that do not have their headquarters at Geneva.

Rationalization and structuring of the permanent
machinery of UNCTAD

Draft resolution submitted by Colombia on behalf of
the States members of the Group of 77 a/

[TD/B/L.512]

The Trade and Development Board,

Recalling General Assembly resolution 32/197 on restructuring of the economic and social sectors of the United Nations,

Recalling Conference resolution 90 (IV) and Board decision 143 (XVI),

Noting the evolving role of UNCTAD in the context of the effort to establish the new international economic order,

Recognizing that the rationalization of the structure of the permanent machinery of UNCTAD, is an important question that warrants careful examination by States members of UNCTAD,

a/ For the statement of financial implications (TD/B/L.512/Add.1) circulated in connexion with this draft resolution, see annex IX below.

1. Decides to establish an ad hoc Committee of the Board to consider the question of restructuring and rationalization of the permanent machinery of UNCTAD in the light of the restructuring of the economic and social sector under General Assembly resolution 32/197, to define and clarify UNCTAD's relationship with the General Assembly as its negotiating organ on trade and development, and to submit concrete proposals to the fifth session of the Conference through the Board at its tenth special session;

2. Requests the Secretary-General of UNCTAD to provide all the necessary technical supporting services to the ad hoc Committee on rationalization of the permanent machinery of UNCTAD.

B. Text remitted for further consideration by the Board at its nineteenth regular session

Interdependence of problems of trade, development finance and the international monetary system b/

Draft resolution submitted by Ethiopia, Gabon, Ghana, Kenya, the Libyan Arab Republic,* Madagascar, Mauritius, Nigeria, Rwanda, Senegal, Sudan, Uganda, Upper Volta, Zaire

[TD/B/L.360]

C. Text remitted for further consideration by the Board at a later session

Impact of regional economic groupings of the developed countries on international trade, including the trade of developing countries c/

Draft resolution submitted by Afghanistan, Argentina, Bhutan, Bolivia, Brazil, Burma, Ceylon,** Chile, Colombia, Costa Rica, Democratic Yemen, the Dominican Republic, Ecuador, El Salvador, Ghana, Guatemala, Guinea, Haiti, Honduras, India, Indonesia, Iran, Iraq, Jordan, the Khmer Republic,*** Kuwait, Laos,**** Lebanon, Lesotho, Malaysia, Mexico, Nepal, Nicaragua, Nigeria, Pakistan, Panama, Paraguay, Peru, the Philippines, the Republic of Korea, the Republic of Viet Nam,***** Sierra Leone, Swaziland, Thailand, Trinidad and Tobago, the United Arab Emirates, Uruguay, Venezuela, Yugoslavia

[TD/L.66 and Corr.1-3]

* Now Libyan Arab Jamahiriya.

** Now Sri Lanka.

*** Now Democratic Kampuchea.

**** Now Lao People's Democratic Republic.

***** Now Viet Nam.

b/ 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.

c/ The text of this draft resolution is contained in the report of the Board on the first part of its twelfth session, Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 15 (A/8715/Rev.1 and Corr.1), part one, annex V.

D. Text remitted for further consideration by the Committee on Economic Co-operation among Developing Countries at its second session

Economic co-operation among developing countries

Draft resolution submitted by Colombia on behalf of the States members of the Group of 77 d/

[TD/B(XVIII)/SC.I/L.6]

The Trade and Development Board,

Bearing in mind the measures for economic co-operation among developing countries adopted by the Conference on Economic Co-operation among Developing Countries, held at Mexico City from 13 to 22 September 1976.

Bearing in mind also the Action Programme on Economic Co-operation and the pertinent resolutions approved by the Fifth Conference of Heads of State or Government of Non-Aligned Countries held in Colombo from 16 to 19 August 1976, relative to co-operation among developing countries, as well as the recommendations on this item made by the Conference of Ministers of Foreign Affairs of Non-Aligned Countries, held in Belgrade from 25 to 30 July 1978,

Recalling General Assembly resolutions 1995 (XIX) of 30 December 1964, as amended, 3177 (XXVIII) of 17 December 1973, 3241 (XXIX) of 29 November 1974, 3442 (XXX) of 9 December 1975, 31/119 of 16 December 1976 and 32/180 of 19 December 1977 on Economic Co-operation among Developing Countries, and Economic and Social Council resolution 2043 (LXI) of 5 August 1976,

Recalling also the Declaration and the Programme of Action on the Establishment of a New International Economic Order e/ as well as the Charter of Economic Rights and Duties of States, f/ and General Assembly resolution 3362 (X-VII) of 16 September 1975 on development and international economic co-operation,

Recalling further concerted declaration 23 (II) adopted by the United Nations Conference on Trade and Development on 26 March 1968, Conference resolution 48 (III) of 18 May 1972 on trade expansion, economic co-operation and regional integration among developing countries, as well as Conference resolutions 90 (IV) and 92 (IV) of 31 May 1976 and Trade and Development Board decisions 142 (XVI) of 23 October 1976 on the establishment of the Committee on Economic Co-operation among Developing Countries and 161 (XVII) of 2 September 1977 on the terms of reference of the Committee on Economic Co-operation among Developing Countries,

d/ For the statement of financial implications (TD/B(XVIII)/SC.I/L.6/Add.1) circulated in connexion with this draft resolution, see annex IX below.

e/ General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974.

f/ General Assembly resolution 3281 (XXIX) of 12 December 1974.

Recalling also with satisfaction resolution 1 (I) of the Committee on Economic Co-operation among Developing Countries, of 9 May 1977, which provided guidelines for UNCTAD's work programme on economic co-operation among developing countries and called upon the Secretary-General of UNCTAD to intensify activities and ongoing work relating to the strengthening of subregional, regional and interregional economic co-operation and integration,

Noting resolution 657 (XXXI) on economic co-operation among developing countries adopted at the thirty-first ordinary session of the Council of Ministers of the Organization of African Unity held at Khartoum from 7 to 18 July 1978, which inter alia endorsed the need for and welcomed "the establishment of an Inter-Secretariat Consultative Group made up of the secretariats of subregional and regional groupings of the developing countries", as recommended by the Working Party on Trade Expansion and Regional Economic Integration among Developing Countries, held at Geneva from 10 to 18 April 1978, and which also called upon UNCTAD to organize and service the meetings of the Inter-Secretariat Consultative Group at least once a year,

Taking note also with satisfaction of the recommendations made by the Working Party on Trade Expansion and Regional Economic Integration among Developing Countries, pursuant to decision A.I.1. of the Conference on Economic Co-operation among Developing Countries, held at Mexico City from 13 to 22 September 1976, and paragraph 2 (b) (i) of resolution 1 (I) of the Committee on Economic Co-operation among Developing Countries,

Recognizing that, in the context of international economic co-operation, the achievement of the goal of greater co-operation among developing countries constitutes an important contribution to the establishment of the New International Economic Order,

Reaffirming that efforts by the developing countries to promote co-operation among themselves do not diminish the responsibilities of all other countries to establish just and equitable economic relations between them and the developing countries and to contribute to the development of the developing countries,

1. Considers that an Inter-Secretariat Consultative Group made up of the secretariats of subregional and regional economic co-operation groupings of developing countries could make a major contribution in relation to the implementation of the programme of economic co-operation among developing countries adopted by the developing countries at the Conference on Economic Co-operation among Developing Countries held at Mexico City in September 1976, and regarding the implementation of measures of support adopted by the Committee on Economic Co-operation among Developing Countries;

2. Urges all member States, and in particular the developed countries, to facilitate and support UNCTAD's programme of work on economic co-operation among developing countries;

3. Decides to authorize the Secretary-General of UNCTAD to organize and convene the following meetings during the year 1979:

(a) A meeting of the secretariats of economic co-operation groupings of developing countries (Inter-Secretariat Consultative Group), in the first half of 1979, on subregional, regional and interregional economic co-operation and integration among developing countries;

(b) A meeting of secretariats of economic co-operation groupings and multilateral financial institutions of developing countries, to be held in the second half of 1979, on intercountry projects;

(c) Regional meetings of subregional and regional economic co-operation groupings, in the second half of 1979, to consider action in pursuance of the objectives of the Mexico City Programme on Economic Co-operation among Developing Countries:

(d) Three meetings of governmental experts of developing countries, to be held in the second half of 1979, to examine and make proposals bearing in mind the studies undertaken by the UNCTAD secretariat in compliance with paragraph 2 (a) of resolution 1 (I) adopted at the first session of the Committee on Economic Co-operation among Developing Countries.

ANNEX V

Texts of draft resolutions submitted
under agenda item 3 a/

Trade and economic relations among countries having different
economic and social systems

Draft resolution submitted by Nigeria on behalf of the
States members of the Group of 77

[TD/B(XVIII)/SC.II/L.2 and Corr.1]

The Trade and Development Board,

Recalling Conference resolution 95 (IV),

Noting that there are considerable opportunities and potentials in the socialist countries of Eastern Europe for intensifying trade and economic relations with developing countries, and recognizing that these have not been fully realized,

Noting with concern that the exports from the socialist countries of Eastern Europe continue to exceed the imports from a greater number of developing countries, thus maintaining a trend which has lasted for 20 years, as confirmed by the statistics reproduced in the report by the UNCTAD secretariat (document TD/B/708 and Add.1),

Considering that, in general, trade and economic co-operation between socialist countries of Eastern Europe and developing countries has not changed substantially since UNCTAD IV,

Reaffirming that trade and economic co-operation among countries having different economic and social systems, especially between developing countries and the socialist countries of Eastern Europe, constitutes important elements that must be developed to enable them to contribute effectively to the establishment of the New International Economic Order,

PART I

1. Decides that, in promoting the objectives of trade and economic relations among countries having different economic and social systems, it should be ensured that trade relations between the developed market-economy countries and the developed centrally-planned-economy countries are conducted in a way that will not prejudice the interests of the developing countries;

a/ Annexed to the report by decision of the Board at its 509th meeting (see paragraph 151 above).

2. Recommends that the socialist countries of Eastern Europe adopt positive measures to improve the balance in the trade with developing countries and to accelerate the imports, particularly of manufactured and semi-manufactured products from developing countries, by improved market access and by intensifying their efforts to accommodate a larger share of imports from developing countries in their economic plans and programmes;

3. Requests that the UNCTAD secretariat:

- (a) Evaluate the measures adopted so far by the socialist countries of Eastern Europe in the implementation of Conference resolution 95 (IV);
- (b) Analyse in greater detail the ways and means of utilizing the opportunities for further intensification of trade and economic relations between the socialist countries of Eastern Europe and developing countries;
- (c) Evaluate the role, inter alia, of bilateral trade, economic and technical co-operation agreements, as well as compensatory agreements between developing countries and the socialist countries of Eastern Europe, and suggest means for increasing their effectiveness;
- (d) Propose possible ways for effective utilization of the Special Fund established within the International Investment Bank for financing programmes of economic and technical assistance to developing countries; and
- (e) Devote attention to the question of special measures in favour of the least developed among developing countries;

4. Further requests the Secretary-General of UNCTAD to submit a comprehensive report on the above to the United Nations Conference on Trade and Development at its fifth session.

PART II

1. Takes note of the report of the Intergovernmental Group of Experts on Trade Opportunities resulting from the Multilateral Schemes of Countries Members of CMEA (TD/B/680) and of the report of the Intergovernmental Group of Experts to Study a Multilateral System of Payments between Socialist Countries of Eastern Europe and Developing Countries (TD/B/683);

2. Decides to request the Secretary-General of UNCTAD to study, on a continuing basis, the question of multilateral systems of payments arrangements between socialist countries of Eastern Europe and developing countries, and to hold consultations with interested parties so as to implement the recommendations adopted at the meeting of the Intergovernmental Group of Experts on this subject as contained in the report of the Group (TD/B/683);

3. Requests the Secretary-General of UNCTAD to submit a report on the above to a further session of the Intergovernmental Group of Experts to study a Multilateral System of Payments between Socialist Countries of Eastern Europe and developing countries;

4. Decides to reconvene before the end of 1979 a further session of the Intergovernmental Group of Experts on Trade Opportunities resulting from Multilateral Schemes of Countries Members of CMEA in order to:

- [(a) Work out agreed recommendations on the basis of the position paper submitted by the Group of 77 at the first meeting;]
- (b) Study how best these recommendations can be implemented;
- (c) Consider other relevant issues that will accelerate the implementation of the recommendations.

Trade relations among countries having different
economic and social systems

Draft resolution submitted by the German Democratic Republic
on behalf of the States members of Group D

[TD/B(XVIII)/SC.II/L.3]

The Trade and Development Board,

Recalling General Assembly resolution 1995 (XIX) as well as Conference resolutions 15 (II), 53 (III) and 95 (IV),

Considering that trade among countries having different economic and social systems in general and between socialist countries of Eastern Europe and developing countries in particular has substantially developed since UNCTAD IV,

Noting that the existing possibilities of the development of trade among countries having different economic and social systems are still not fully utilized,

Recalling also that trade relations among countries having different economic and social systems constitute an important integral part of the world trade as a whole and that all flows of this trade are closely interrelated, which necessitates that the partners in East-West trade as well as in trade between developing countries and socialist countries of Eastern Europe should fully take into account such an interrelationship,

Noting also with concern the increase of protectionism in the developed market-economy countries, and its negative impact on all flows of trade among countries having different economic and social systems,

PART I

1. Recommends that the developing countries, socialist countries of Eastern Europe and developed market-economy countries take positive measures aimed at the development of all flows in trade among countries having different economic and social systems, while paying particular attention to specific problems of developing countries;

2. Requests the UNCTAD secretariat:
 - (a) to further examine measures adopted by member countries with a view to implementing the Conference resolutions 15 (II), 53 (III) and 95 (IV);
 - (b) to analyse in a more detailed manner ways and means of utilizing possibilities for further intensification of trade among countries having different economic and social systems in all its flows;
3. Requests also the Secretary-General of UNCTAD to prepare a comprehensive report on the forementioned questions.

PART II

1. Takes note of the report of the Intergovernmental Group of Experts on Trade Opportunities resulting from Multilateral Schemes of the Countries Members of CMEA (TD/B/680) and of the report of the Intergovernmental Group of Experts to Study the Multilateral System of Payments between Socialist Countries of Eastern Europe and Developing Countries (TD/B/683);
2. Requests the Secretary-General of UNCTAD to study further the issue of payments arrangements between socialist countries of Eastern Europe and developing countries and to consult the interested parties with regard to the implementation of the recommendations adopted at the meeting of the Intergovernmental Group of Experts on the said issue contained in document TD/B/683.
3. Requests also the Secretary-General of UNCTAD, after holding consultations with the governments of the interested countries, to identify possible ways of further activities in the fields mentioned in subparagraphs 9 (a) and 9 (b) of Conference resolution 95 (IV) and the issues subject to further examination and to submit an appropriate report to the Trade and Development Board at its nineteenth session.

ANNEX VI

Provisional agenda for the tenth special
session of the Board a/

1. Procedural matters
 - (a) Adoption of the agenda and organization of the work of the session
 - (b) Treatment of new States members of UNCTAD for purposes of elections
 - (c) Announcement of any changes in the membership of the Board
 - (d) Adoption of the report on credentials
2. Consideration of proposals for action by the Conference at its fifth session
 - (a)-() [Here would be listed the items of the provisional agenda for the Conference]
3. Other business
 - (a)-() [Formal action by the Board on the reports of subsidiary bodies b/]
4. Adoption of the report of the Board

the Board which meet in the period between the eighteenth session and the tenth special session will be taken by the Board at its tenth special session.

ANNEX VII

PROVISIONAL AGENDA FOR THE NINETEENTH 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 twentieth regular session of the Board and organization of the work of the session

[Pending further decision, tentative provision has been made in the calendar of meetings for 1980 for a special session of the Board.]

- (e) Establishment of the Working Party on the UNCTAD medium-term plan 1982-1985 and the programme budget 1982-1983

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 nineteenth session.

3. Matters requiring action by the Board arising from or related to reports and activities of its subsidiary and other bodies b/.

[To be completed by the Secretary-General of UNCTAD]

4. Interdependence of problems of trade, development finance and the international monetary system.

5. Trade relations among countries having different economic and social systems.

6. 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 twelfth session;
- (b) Progressive development of the law of international trade: twelfth annual report of the United Nations Commission on International Trade Law;

a/ Approved by the Board at its 510th meeting (see paras. 589-591 above).

b/ It is presumed that formal action on the reports of subsidiary bodies which meet in the period between the eighteenth session and the tenth special session will be completed by the Board at its tenth special session.

(c) Trade and economic aspects of disarmament

[To be completed by the Secretary-General of UNCTAD to cover matters not included under item 2 which the Board is required to keep under review]

7. 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.

8. 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) Revision of the rules of procedure of the Board and of its main Committees;

[The Board may need to consider whether any amendment of its rules of procedure or of those of its main Committees is required as a result of decisions taken at the fifth session of the Conference on institutional issues]

- (d) Designation of intergovernmental bodies for the purposes of rule 78 of the rules of procedure;
- (e) Designation and classification of non-governmental organizations for the purposes of rule 79 of the rules of procedure;
- (f) Review of the calendar of meetings;
- (g) Financial implications of the actions of the Board.

[To be completed by the Secretary-General of UNCTAD]

9. UNCTAD programme budget for the biennium 1980-1981: report of the Working Party (scheduled to meet during the first week of the nineteenth session of the Board).

10. UNCTAD medium-term plan 1982-1985: report of the Working Party (scheduled to meet in March/April 1980).

11. Other business.

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

ANNEX VIII

Financial implications of the actions of the Board

Summary statement submitted by the Secretary-General of UNCTAD

In accordance with rule 31 of its 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 financial implications of actions taken by the Board at its eighteenth session are summarized below.

Summary of actions with financial implications taken by the
Trade and Development Board at its eighteenth session

Agenda item	Section of appendix containing detailed statement	Resolution or decision	Subject matter	Relevant paragraph of report	UNCTAD (section 11 of UN budget) (thousands of US\$) ^{b/}	Conference servicing (section 23 of UN budget) ^{a/} (thousands of US\$) ^{b/}
5(a)	A.	177 (XVIII)	<u>Commodity trade</u> Extension of the timetable of the Integrated Programme for Commodities (Extension of the timetable to end-1979)	220	1 500	1 450
5(a)	B.	180 (XVIII)	Preparatory work on copper (Special session of the Trade and Development Board)	259		27
5(a)	C.	175 (XVIII)	Tungsten (Negotiating conference on tungsten)	273		298
7(i)	D.	181 (XVIII)	Review of the calendar of meetings (Additional meetings of up to two weeks of the Interim Committee of the United Nations Conference to Negotiate an International Arrangement to replace the International Wheat Agreement, 1971, as Extended)	596		75
5(b)	E.	178 (XVIII)	<u>Trade in manufactures</u> Restrictive business practices (Sixth session of Third <u>Ad hoc</u> Group of Experts) (Negotiating conference)	352		118 410
5(b)	F.	172 (XVIII)	Trade and industrial co-operation between the developed and the developing countries (<u>Ad hoc</u> UNCTAD/UNIDO group of experts)	338	38	47
5(e) and 7(i)	G.	"Other decisions", section (h)	<u>Shipping</u> Intergovernmental Preparatory Group on a Convention on International Multimodal Transport (Sixth session of Preparatory Group)	453		123
6(c)	H.	171 (XVIII)	<u>Special programme for least developed, land-locked and island developing countries</u> Special measures in favour of the least developed among the developing countries (Further donor/recipient meeting) (Meeting of group of high-level experts)	511	- 22	46 18

^{a/} The extent to which additional funds are required will depend on the total conference workload of the United Nations Office at Geneva.

^{b/} At the budgeted exchange rate of SF 2.17 to \$ US 1.

Appendix

Detailed statements before the Board
at its eighteenth session

COMMODITY TRADE

A. Decision 177 (XVIII) - Extension of the time-table
of the Integrated Programme for Commodities c/

1. In accordance with paragraph 27 of the progress report of the Secretary-General of UNCTAD on Conference resolution 93 (IV) (TD/B/IPC/AC/20), the Board may wish to give consideration to the need to extend the time-frame of the Integrated Programme for Commodities to the end of 1979, on the understanding that the question will be subject to further comprehensive review at the fifth session of the Conference.

2. The continuation of the Integrated Programme for Commodities to the end of 1979 would require the continuation at the same level in 1979 of ad hoc resources provided for the Integrated Programme for Commodities in 1977 and 1978. The cost of continuing the ad hoc resources for the full year 1979 would amount to \$1,500,000 (computed at budgeted exchange rate: \$1 = 2.17 SFr.), as follows:

	<u>Commodities Division</u>	<u>Conference Affairs Service</u>	<u>Total</u>
	\$	\$	\$
(i) <u>Ad hoc</u> staff - salaries			
16 professional staff	650 000	150 000	800 000
10 general service staff	<u>149 000</u>	<u>64 000</u>	<u>213 000</u>
	799 000	214 000	1 013 000
Common staff costs	<u>207 000</u>	<u>56 000</u>	<u>263 000</u>
	1 006 000	270 000	1 276 000
(ii) Consultants	154 000	-	154 000
(iii) Travel	<u>70 000</u>	<u>-</u>	<u>70 000</u>
TOTAL	1 230 000	270 000	1 500 000

c/ Substance of text of TD/B/IPC/AC/21, annex IV, representing the financial implications of the draft decision in TD/B(XVIII)/SC.I/L.13.

3. The cost of conference servicing requirements under the Integrated Programme for Commodities, as originally foreseen for 1977 and 1978, would amount to approximately \$1,450,000 for 1979. However, the additional requirements for meetings under the Integrated Programme would probably be partly offset by a reduction in the number of other UNCTAD meetings. The net additional requirements would have to be computed within the context of the over-all conference programme in Geneva, the costs of which are not included under the UNCTAD section (11A) of the United Nations budget, but are now included under section 23B (Conference Services, Geneva).

4. As a decision to extend the time-frame of the Integrated Programme for Commodities to the end of 1979 would be subject to further comprehensive review at the fifth session of the Conference, any resources allocated for the second half of 1979 would be administered in such a manner as not to prejudice any decision that might be taken by the Conference with respect to the Integrated Programme.

B. Resolution 180 (XVIII). Preparatory work on copper d/

Paragraph 3 of the draft resolution contained in TD/B(XVIII)SC.I/L.15 envisages the convening, in the light of the conclusions of the fifth preparatory meeting, of a special session of the Trade and Development Board, in time for it to take the actions that it might deem appropriate for submission to the General Assembly at its thirty-third session. It is assumed such a special session of the Trade and Development Board would be convened in Geneva for two days, require services in six languages, one team and a caucus team of interpreters, three conference rooms, 20 pages of documentation and summary records. On this basis the cost of the meeting is estimated to be \$27,000.

C. Decision 175 (XVIII). Tungsten

1. The draft decision before the Board (TD/B/L.523) requests the Secretary-General of UNCTAD to proceed to appropriate consultations and preparatory meetings with a view to facilitating a decision on the convening of a negotiating conference, if possible, within the fourth quarter of 1979.

2. It will be recalled that the Board, in its decision 166 (XVIII), authorized two sessions of a Preparatory Working Group on Tungsten, the financial implications of which were given as \$102,000. e/ The Board was also informed at that time that if a negotiating conference were to take place, the cost was estimated to be \$298,000, based on a duration of four weeks, two teams of interpreters for five languages and one team for three languages, 80 pages of pre-session documentation, 150 pages of in-session documentation and 80 pages of post-session documentation. e/

d/ Substance of text of TD/B(XVIII)/SC.I/L.9/Add.1.

e/ See Official Records of the General Assembly, Thirty-third Session, Supplement No. 15 (A/33/15), vol. I, part three, annex III.

D. Decision 181 (XVIII). Review of the calendar of meetings:
Additional meetings of the Interim Committee of the United
Nations Conference to Negotiate an International
Arrangement to replace the International Wheat Agreement,
1971, as extended f/

Since the United Nations Conference to Negotiate an International Arrangement to Replace the International Wheat Agreement, 1971, as extended, decided to convene an Interim Committee for up to four weeks of meetings, further meetings totalling two weeks have been or are being considered to be added to the schedule of the Interim Committee. The Board at its eighteenth session is requested to make provision for additional meetings of the Interim Committee for up to two weeks. The financial implications of such a provision are estimated at \$75,000, based on the similar assumptions as those used for the first meetings of the Interim Committee, namely, interpretation by one team of interpreters in four languages, 10 pages of in-session documents per day and altogether 100 pages of pre- and post-session documentation.

f/ Substance of text of TD/WHEAT.6/IC/R.11/Add.1.

TRADE IN MANUFACTURES AND SEMI-MANUFACTURES

E. Resolution 178 (XVIII). Restrictive business practices g/

1. Under draft resolution TD/B(XVIII)/SC.I/L.12, the Board would decide in paragraph 3 to convene a further session, of three weeks' duration, of the Third Ad hoc Expert Group on Restrictive Business Practices before the fifth session of the Conference in order to enable the Ad hoc Expert Group to complete its work on the set of principles and rules and to make further progress on a model law or laws on restrictive business practices.

2. No further meeting of the Ad hoc Expert Group on Restrictive Business Practices is foreseen in the present calendar. The financial implications of the sixth session are estimated to be \$118,000, based on the following assumptions: a meeting of three weeks' duration in Geneva, serviced in four languages, requiring one team and a caucus team of interpreters, two conference rooms and altogether 160 pages of documentation.

3. Paragraph 4 of the draft resolution recommends to the General Assembly at its thirty-third session that it convene in the period between September 1979 and April 1980 a United Nations Conference to negotiate, on the basis of the work of the Ad hoc Expert Group, and to take all decisions necessary for the adoption of a set of multilaterally agreed equitable principles and rules for the control of restrictive business practices having adverse effects on international trade, particularly that of developing countries, and on the economic development of these countries. The cost of a negotiating conference is estimated at \$410,000, based on the following assumptions: it would be held in Geneva for a period of four weeks, serviced in six languages requiring two teams and a caucus team of interpreters, four conference rooms, 100 pages of pre-session, 100 pages of post-session and 10 pages a day of in-session documentation.

F. Decision 172 (XVIII). Trade and industrial co-operation between the developed and the developing countries h/

1. In draft decision TD/B/L.518 the Board would request the Secretary-General of UNCTAD, in consultation with the Executive Director of UNIDO, to take the necessary steps to convene a joint ad hoc UNCTAD/UNIDO Group of Experts as soon as a corresponding decision is taken by the appropriate organs of UNIDO.

2. It is assumed that the meeting of the ad hoc Group of Experts would be convened at Geneva in autumn 1979 for two weeks and that it would require interpretation in four languages, one conference room and altogether 75 pages of documentation. On this basis the conference servicing cost of such a meeting is estimated to be \$47,000.

g/ Substance of text of TD/B(XVIII)/SC.I/L.12/Add.1.

h/ Substance of text of TD/B(XVIII)/SC.I/L.8/Add.1.

3. Approximately twenty experts would be invited to participate in that meeting in their personal capacity. They would be entitled to reimbursement of travel and subsistence expenses, estimated at \$38,000 for the Group.

4. The total cost of the meeting of the Group is therefore estimated to amount to \$85,000, to be shared between UNCTAD and UNIDO.

SHIPPING

G. "Other decisions", section (h). Intergovernmental Preparatory Group on a Convention on International Multimodal Transport i/

1. The Intergovernmental Preparatory Group on a Convention on International Multimodal Transport at its fourth session in November 1977 considered the question of the possibility that it might not be able to conclude work assigned to it during its fifth session. The Group decided that the Secretary-General of UNCTAD should be authorized to include a sixth session of the Intergovernmental Preparatory Group in the calendar of meetings for 1979 for approval by the Board at its eighteenth session, subject to confirmation at the fifth session of the Preparatory Group that a sixth session would be required (TD/B/682, para. 113).

2. The cost of conference servicing of a sixth session of the Preparatory Group, if required, is estimated to be US\$ 123,000 based on a two-weeks meeting in Geneva with its usual requirements, i.e. two teams and a caucus team of interpreters for services in four languages and altogether 150 pages of documentation.

SPECIAL PROGRAMME FOR LEAST DEVELOPED, LAND-LOCKED AND ISLAND DEVELOPING COUNTRIES

H. Resolution 171 (XVIII). Special measures in favour of the least developed among the developing countries j/

1. The draft resolution in TD/B/L.510 recommends inter alia that the Board convene meetings not foreseen in the approved calendar.

2. In paragraph 2 of the draft resolution the Secretary-General of UNCTAD is requested to convene another donor/recipient meeting after the fifth session of the Conference. The inclusion by the Board of such a meeting in the calendar of meetings would have financial implications amounting to \$46,000, assuming one team of interpreters in four languages, 50 pages of pre-session documentation, five pages a day of in-session documentation and 30 pages of post-session documentation, for a meeting of seven working days.

i/ Substance of text of TD/B/L.506/Add.1.

j/ Substance of text of TD/B/719, annex II.

3. Paragraph 4 of the draft resolution would have the Board request the Secretary-General of UNCTAD to convene a group of high-level experts late in 1979 to consider certain studies and to make recommendations on a new programme of special measures for the least developed countries during the 1980s. It is assumed that the experts would act in their personal capacity and would therefore be entitled to payment of travel and subsistence allowance by the United Nations. The related expenditures for a meeting of 12 experts during seven working days is estimated to be \$22,000. The conference servicing costs of the group are estimated to be \$18,000 on the assumption that the group would work in English and French only and require altogether some 40 pages of documentation.

4. Under paragraph 3 of the draft resolution, the Board would decide to reconvene the Intergovernmental Group on the Least Developed Countries within the next three years, and under the terms of reference as specified in Board resolution 119(XIV). The cost of that meeting, if approved by the Board, would be included in the United Nations proposed programme budget for 1980-1981.

ANNEX IX

Statements of financial implications circulated
in connexion with draft resolutions remitted
for further consideration a/

A. Rationalization of the structure of
the permanent machinery of UNCTAD

[TD/B/L.512/Add.1] b/

1. Under paragraph 1 of the draft resolution in TD/B/L.512, the Board would decide to establish an ad hoc Committee of the Board to consider the question of restructuring and rationalization of the permanent machinery of UNCTAD in the light of the restructuring of the economic and social sector under General Assembly resolution 32/197, to define and clarify UNCTAD's relationship with the General Assembly as its negotiating organ on trade and development, and to submit concrete proposals to the fifth session of the Conference through the Board at its tenth special session.

2. The decision would have financial implications estimated at \$56,000, based on the following assumptions: the ad hoc Committee would meet for up to 10 days in Geneva, be serviced in six languages, require one team of interpreters, one conference room, and altogether 50 pages of documents.

B. Economic co-operation among developing countries c/

[TD/B(XVIII)/SC.I/L.6/Add.1]

1. In draft resolution TD/B(XVIII)/SC.I/L.6, paragraph 3, the Secretary-General of UNCTAD is to be authorized to convene a number of meetings in 1979 not at present included in the calendar of meetings as follows:

(a) A meeting of the secretariats of economic co-operation groupings of developing countries (Inter-Secretariat Consultative Group), in the first half of 1979, on subregional, regional and interregional economic co-operation and integration among developing countries. On the assumption that a meeting of one and a half weeks would be convened in Geneva serviced in four languages and requiring one team of interpreters, one conference room and altogether 60 pages of documentation, the cost of conference servicing is estimated to be \$35,000. Participants to the meeting would be expected to meet their own travel and subsistence expenses.

a/ These statements are based on the budgeted exchange rate of S.Fr. 2.17 to \$US 1.

b/ The text of this draft resolution is reproduced in annex IV above, section A.

c/ The text of this draft resolution is reproduced in annex IV above, section D.

(b) A meeting of secretariats of economic co-operation groupings and multilateral financial institutions of developing countries, to be held in the second half of 1979, on inter-country projects. It is assumed that this meeting would have the same servicing requirements as the Inter-Secretariat Group under (a) above and the cost estimates are therefore the same, i.e. \$35,000.

(c) Regional meetings of subregional and regional economic co-operation groupings, in the second half of 1979, to consider action in pursuance of the objectives of the Mexico City Programme on Economic Co-operation among Developing Countries. It is assumed that a meeting of one week's duration would be convened for each of the four regions requiring interpretation in two languages, one conference room and altogether 50 pages of documentation. On this basis the cost of one meeting is estimated to be \$12,000 and for all four meetings \$48,000.

(d) Three meetings of governmental experts of developing countries, to be held in the second half of 1979, to examine and make proposals bearing in mind the studies undertaken by the UNCTAD secretariat in compliance with paragraph 2 (a) of resolution 1 (I) adopted at the first session of the Committee on Economic Co-operation among Developing Countries. It is assumed that each of the three meetings would be convened in Geneva for a period of one week, be serviced in four languages requiring one team of interpreters, one conference room and altogether 50 pages of documentation. On this basis the cost of one meeting is estimated to be \$25,000 and for three meetings, \$75,000.

2. The total cost of all meetings envisaged to be convened under the draft resolution is therefore estimated to be \$193,000.

ANNEX X

Membership of the Trade and Development Board a/

Afghanistan	Honduras	Qatar
Algeria	Hungary	Republic of Korea
Argentina	India	Romania
Australia	Indonesia	Saudi Arabia
Austria	Iran	Senegal
Bangladesh	Iraq	Sierra Leone
Barbados	Ireland	Singapore
Belgium	Israel	Somalia
Bolivia	Italy	Spain
Brazil	Ivory Coast	Sri Lanka
Bulgaria	Jamaica	Sudan
Burma	Japan	Suriname
Byelorussian Soviet Socialist Republic	Jordan	Sweden
Canada	Kenya	Switzerland
Central African Empire	Kuwait	Syrian Arab Republic
Chad	Lebanon	Thailand
Chile	Liberia	Togo
China	Libyan Arab Jamahiriya	Trinidad and Tobago
Colombia	Liechtenstein	Tunisia
Costa Rica	Luxembourg	Turkey
Cuba	Madagascar	Uganda
Cyprus	Malaysia	Ukrainian Soviet Socialist Republic
Czechoslovakia	Mali	Union of Soviet Socialist Republics
Democratic People's Republic of Korea	Malta	United Arab Emirates
Denmark	Mauritania	United Kingdom of Great Britain and Northern Ireland
Dominican Republic	Mauritius	United Republic of Cameroon
Ecuador	Mexico	United Republic of Tanzania
Egypt	Mongolia	United States of America
El Salvador	Morocco	Uruguay
Ethiopia	Netherlands	Venezuela
Finland	New Zealand	Viet Nam
France	Nicaragua	Yemen
Gabon	Nigeria	Yugoslavia
German Democratic Republic	Norway	Zaire
Germany, Federal Republic of	Oman	Zambia
Ghana	Pakistan	
Greece	Panama	
Guatemala	Papua New Guinea	
Guinea	Peru	
Guyana	Philippines	
	Poland	
	Portugal	

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a/ See para. 573 above.

ANNEX XI

Membership of the main Committees of the Board a/

Committee on Commodities

Algeria	Kenya
Argentina	Liberia
Australia	Libyan Arab Jamahiriya
Austria	Madagascar
Bangladesh	Malaysia
Belgium	Malta
Bolivia	Mauritius
Brazil	Mexico
Bulgaria	Morocco
Burundi	Netherlands
Canada	New Zealand
Central African Empire	Nigeria
Chad	Norway
Chile	Pakistan
China	Panama
Colombia	Peru
Costa Rica	Philippines
Cuba	Poland
Czechoslovakia	Qatar
Democratic People's Republic of Korea	Republic of Korea
Denmark	Romania
Dominican Republic	Rwanda
Ecuador	Saudi Arabia
Egypt	Senegal
El Salvador	Spain
Ethiopia	Sri Lanka
Finland	Sudan
France	Sweden
Gabon	Switzerland
German Democratic Republic	Syrian Arab Republic
Germany, Federal Republic of	Thailand
Ghana	Togo
Greece	Trinidad and Tobago
Guatemala	Tunisia
Guinea	Turkey
Honduras	Uganda
Hungary	Union of Soviet Socialist Republics
India	United Kingdom of Great Britain and Northern Ireland
Indonesia	United Republic of Cameroon
Iran	United Republic of Tanzania
Iraq	United States of America
Ireland	Upper Volta
Israel	Uruguay
Italy	Venezuela
Ivory Coast	Viet Nam
Jamaica	Yugoslavia
Japan	Zaire
Jordan	

a/ See para. 57⁴ above.

Committee on Manufactures

Algeria	Liberia
Argentina	Libyan Arab Jamahiriya
Australia	Madagascar
Austria	Malaysia
Bangladesh	Mali
Belgium	Malta
Bolivia	Mauritius
Brazil	Mexico
Bulgaria	Morocco
Canada	Netherlands
Central African Empire	New Zealand
Chile	Nigeria
China	Norway
Colombia	Pakistan
Costa Rica	Panama
Cuba	Peru
Czechoslovakia	Philippines
Democratic People's Republic of Korea	Poland
Denmark	Qatar
Dominican Republic	Republic of Korea
Ecuador	Romania
Egypt	Saudi Arabia
El Salvador	Senegal
Ethiopia	Singapore
Finland	Spain
France	Sri Lanka
German Democratic Republic	Sweden
Germany, Federal Republic of	Switzerland
Ghana	Syrian Arab Republic
Greece	Thailand
Guatemala	Trinidad and Tobago
Honduras	Tunisia
Hungary	Turkey
India	Union of Soviet Socialist Republics
Indonesia	United Kingdom of Great Britain and Northern Ireland
Iran	United Republic of Cameroon
Iraq	United Republic of Tanzania
Ireland	United States of America
Israel	Upper Volta
Italy	Uruguay
Ivory Coast	Venezuela
Jamaica	Viet Nam
Japan	Yugoslavia
Jordan	Zaire
Kenya	

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Committee on Invisibles and Financing related to Trade

Algeria	Kenya
Argentina	Kuwait
Australia	Lebanon
Austria	Liberia
Bangladesh	Libyan Arab Jamahiriya
Belgium	Madagascar
Bolivia	Malaysia
Brazil	Mali
Bulgaria	Malta
Burundi	Mexico
Canada	Morocco
Central African Empire	Netherlands
Chad	New Zealand
Chile	Nicaragua
China	Nigeria
Colombia	Norway
Costa Rica	Pakistan
Cuba	Panama
Czechoslovakia	Peru
Democratic People's Republic of Korea	Philippines
Denmark	Poland
Dominican Republic	Qatar
Ecuador	Republic of Korea
Egypt	Romania
El Salvador	Saudi Arabia
Ethiopia	Senegal
Finland	Spain
France	Sri Lanka
German Democratic Republic	Sweden
Germany, Federal Republic of	Switzerland
Ghana	Syrian Arab Republic
Greece	Thailand
Guatemala	Trinidad and Tobago
Guinea	Tunisia
Honduras	Turkey
Hungary	Uganda
India	Union of Soviet Socialist Republics
Indonesia	United Kingdom of Great Britain and Northern Ireland
Iran	United Republic of Cameroon
Iraq	United Republic of Tanzania
Ireland	United States of America
Israel	Upper Volta
Italy	Uruguay
Ivory Coast	Venezuela
Jamaica	Viet Nam
Japan	Yugoslavia
Jordan	Zaire

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Committee on Shipping

Algeria	Liberia
Argentina	Libyan Arab Jamahiriya
Australia	Madagascar
Bangladesh	Malaysia
Belgium	Malta
Bolivia	Mauritius
Brazil	Mexico
Bulgaria	Morocco
Canada	Netherlands
Central African Empire	New Zealand
Chile	Nicaragua
China	Nigeria
Colombia	Norway
Costa Rica	Pakistan
Cuba	Panama
Czechoslovakia	Peru
Democratic People's Republic of Korea	Philippines
Denmark	Poland
Dominican Republic	Qatar
Ecuador	Republic of Korea
Egypt	Romania
El Salvador	Saudi Arabia
Ethiopia	Senegal
Finland	Spain
France	Sri Lanka
Gabon	Sweden
German Democratic Republic	Switzerland
Germany, Federal Republic of	Syrian Arab Republic
Ghana	Thailand
Greece	Trinidad and Tobago
Guatemala	Tunisia
Guinea	Turkey
Honduras	Uganda
Hungary	Union of Soviet Socialist Republics
India	United Kingdom of Great Britain and Northern Ireland
Indonesia	United Republic of Cameroon
Iran	United Republic of Tanzania
Iraq	United States of America
Israel	Upper Volta
Italy	Uruguay
Ivory Coast	Venezuela
Jamaica	Viet Nam
Japan	Yugoslavia
Jordan	Zaire
Kenya	
Kuwait	

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Committee on Transfer of Technology

Algeria	Madagascar
Argentina	Malaysia
Australia	Malta
Austria	Mauritius
Belgium	Mexico
Bolivia	Morocco
Brazil	Netherlands
Bulgaria	New Zealand
Canada	Nigeria
Chile	Norway
China	Pakistan
Colombia	Panama
Costa Rica	Peru
Cuba	Philippines
Czechoslovakia	Poland
Democratic People's Republic of Korea	Qatar
Denmark	Republic of Korea
Ecuador	Romania
Egypt	Saudi Arabia
El Salvador	Senegal
Ethiopia	Sierra Leone
Finland	Spain
France	Sri Lanka
German Democratic Republic	Sudan
Germany, Federal Republic of	Sweden
Ghana	Switzerland
Greece	Syrian Arab Republic
Guatemala	Thailand
Honduras	Trinidad and Tobago
Hungary	Tunisia
India	Turkey
Indonesia	Union of Soviet Socialist Republics
Iran	United Arab Emirates
Iraq	United Kingdom of Great Britain and Northern Ireland
Ireland	United Republic of Cameroon
Israel	United Republic of Tanzania
Italy	United States of America
Ivory Coast	Upper Volta
Jamaica	Venezuela
Japan	Yugoslavia
Jordan	Zaire
Kenya	
Kuwait	
Liberia	
Libyan Arab Jamahiriya	

Committee on Economic Co-operation among Developing Countries

Algeria	Madagascar
Argentina	Malaysia
Australia	Malta
Austria	Mauritius
Bangladesh	Mexico
Belgium	Morocco
Bolivia	Netherlands
Brazil	New Zealand
Bulgaria	Nicaragua
Canada	Nigeria
Central African Empire	Norway
Chile	Oman
China	Pakistan
Colombia	Panama
Costa Rica	Peru
Cuba	Philippines
Czechoslovakia	Poland
Democratic People's Republic of Korea	Qatar
Denmark	Republic of Korea
Ecuador	Romania
Egypt	Saudi Arabia
El Salvador	Senegal
Ethiopia	Somalia
Finland	Spain
France	Sri Lanka
Gabon	Sudan
German Democratic Republic	Suriname
Germany, Federal Republic of	Sweden
Ghana	Switzerland
Greece	Syrian Arab Republic
Guatemala	Thailand
Guyana	Togo
Honduras	Trinidad and Tobago
India	Tunisia
Indonesia	Turkey
Iran	Uganda
Iraq	Union of Soviet Socialist Republics
Ireland	United Arab Emirates
Israel	United Kingdom of Great Britain and Northern Ireland
Italy	United Republic of Cameroon
Jamaica	United Republic of Tanzania
Japan	United States of America
Jordan	Uruguay
Kenya	Venezuela
Kuwait	Yugoslavia
Lebanon	Zaire
Liberia	Zambia
Libyan Arab Jamahiriya	

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