

**UNITED NATIONS CONFERENCE
ON TRADE AND DEVELOPMENT**

**REPORT
OF THE TRADE
AND DEVELOPMENT BOARD**

(Twenty-second and twenty-third sessions)

GENERAL ASSEMBLY

OFFICIAL RECORDS: THIRTY-SIXTH SESSION

SUPPLEMENT No. 15 (A/36/15)



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

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

Summary records

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

Annexes

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

Supplements

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

<u>Supplement No.</u>	<u>Twenty-second session</u>	<u>Document No.</u>
1	Resolutions and decisions	TD/B/848
2	Report of the Committee on Invisibles and Financing related to Trade on the second part of its ninth session	TD/B/833
3	Report of the Committee on Commodities on its ninth session	TD/B/834
4	Report of the Committee on Shipping on its ninth session	TD/B/825
5	Report of the Committee on Transfer of Technology on its third session	TD/B/836
6	Report of the Working Party on the Medium-term Plan and the Programme Budget on its third session	TD/B/850

Supplements (continued)

<u>Supplement No.</u>	<u>Twenty-third session</u>	<u>Document No.</u>
1	Resolutions and decisions	TD/B/877
2	Report of the Special Committee on Preferences on its tenth session	TD/B/853
3	Report of the Committee on Shipping on its third special session	TD/B/855
4	Report of the Working Party on the Medium-term Plan and the Programme Budget on its fourth session	TD/B/882

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ABBREVIATIONS

ACABQ	Advisory Committee on Administrative and Budgetary Questions
ACC	Administrative Committee on Co-ordination
ASEAN	Association of South-East Asian Nations
CMEA	Council for Mutual Economic Assistance
CPC	Committee for Programme and Co-ordination
DAC	Development Assistance Committee (of OECD)
ECDC	Economic co-operation among developing countries
ECE	Economic Commission for Europe
EEC	European Economic Community
FAO	Food and Agriculture Organization of the United Nations
GATT	General Agreement on Tariffs and Trade
GDP	Gross domestic product
GNP	Gross national product
GSP	Generalized system of preferences
IATA	International Air Transport Association
ICA	International commodity agreement or arrangement
ICAO	International Civil Aviation Organization
ILO	International Labour Organisation
IMF	International Monetary Fund
IPC	Integrated Programme for Commodities
ITC	International Trade Centre UNCTAD/GATT

ABBREVIATIONS (continued)

MFN	Most-favoured nation
MSA	Most seriously affected (country)
MTN	Multilateral trade negotiations
OAU	Organization of African Unity
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of the Petroleum Exporting Countries
PLO	Palestine Liberation Organization
SDR	Special drawing rights
SNPA	Substantial New Programme of Action for the 1980s for the Least Developed Countries
SWAPO	South West Africa People's Organization
TCDC	Technical co-operation among developing countries
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
WHO	World Health Organization

PREFATORY NOTE

The seventeenth 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 28 September 1980 to 6 November 1981 and consists of the reports on the first and second parts of the twenty-second regular session, held from 9 to 20 March 1981 and on 12 May 1981, 3/ and on the first and second parts of the twenty-third regular session held from 28 September to 12 October 1981 and from 4 to 6 November 1981. 4/

1/ The 16 previous annual reports of the Trade and Development Board are contained in Supplements to the Official Records of the General Assembly as follows:

<u>Annual report</u>	<u>Period</u>	<u>General Assembly session</u>	<u>Supplement No.</u>	<u>Document No.</u>
1st	1 January 1965-29 October 1965	20	15	A/6023/Rev.1
2nd	31 January 1965-24 September 1966	21	15	A/6315/Rev.1 and Corr.1
3rd	25 September 1966-9 September 1967	22	14	A/6714
4th	10 September 1967-23 September 1968	23	14	A/7214
5th	24 September 1968-23 September 1969	24	16	A/7616 and Corr.2
6th	24 September 1969-13 October 1970	25	15	A/8015/Rev.1 and Corr.1
7th	14 October 1970-21 September 1971	26	15	A/8415/Rev.1
8th	22 September 1971-25 October 1972	27	15	A/8715/Rev.1 and Corr.1
9th	26 October 1972-11 September 1973	28	15	A/9015/Rev.1
10th	12 September 1973-13 September 1974	29	15	A/9615/Rev.1
11th	14 September 1974-2 October 1975	30	15	A/10015/Rev.1
12th	3 October 1975-23 October 1976	31	15	A/31/15, vol. I and Corr.1 and vol. II
13th	24 October 1976-10 September 1977	32	15	A/32/15, vol. I and Corr.1 and vol. II
14th	11 September 1977-17 September 1978	33	15	A/33/15, vol. I and vol. II
15th	18 September 1978-23 November 1979	34	15	A/34/15, vol. I and vol. II
16th	24 November 1979-27 September 1980	35	15	A/35/15, vol. I and vol. II

2/ See foot-note on page 1.

3/ Originally issued as TD/B/847 and TD/B/851 respectively.

4/ Originally issued as TD/B/....

5/ Originally issued as TD/B/876 and Corr.1 and TD/B/883 respectively.

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

<u>Title</u>	<u>Session</u>	<u>Dates</u>	<u>Report in document</u>
Committee on Invisibles and Financing related to Trade	Ninth session, second part	29 September-3 October 1980	TD/B/833
Committee on Commodities	Ninth session	29 September-7 October 1980	TD/B/834
Committee on Transfer of Technology	Third session	17-28 November 1980	TD/B/836
Working Party on the Medium-Term Plan and the Programme Budget	Third and fourth sessions	4-11 May 1981 26 October-3 November 1981	TD/B/850 TD/B/882
Special Committee on Preferences	Tenth session	11-22 May 1981	TD/B/853
Committee on Shipping	Third special session	27 May-6 June 1981	TD/B/855

Part One

REPORT OF THE TRADE AND DEVELOPMENT BOARD ON
THE FIRST PART OF ITS TWENTY-SECOND SESSION

Held at the Palais des Nations, Geneva,
from 9 to 20 March 1981

INTRODUCTION

1. The twenty-second session of the Trade and Development Board was opened on 9 March 1981 by the outgoing President, Mr. M. Oreibi (Libyan Arab Jamahiriya). In his opening address he suggested that the Board might give consideration to the initiation of a new procedure whereby the outgoing President, before handing over the presidency, reviewed developments during the period of his tenure of office. He himself had not had an opportunity as President to participate in UNCTAD's ongoing work during his tenure. He hoped that the situation might be remedied so that his successors would be able to contribute between sessions of the Board to the attainment of UNCTAD's objectives. In his view, the functions of President of the Board were not honorary ones, nor were they confined to the mere formality of conducting meetings of the Board. In the context of its consideration of rationalization of the UNCTAD machinery the Board had an opportunity at the present session to strengthen the office of President and enable him in future to contribute positively to the work of UNCTAD and to the process of consultations and negotiations among members States, as befitted a person who was elected to office by the member States.
2. Taking the Chair upon his election as President, Mr. P. H. R. Marshall (United Kingdom of Great Britain and Northern Ireland) observed that UNCTAD had made a decisive contribution to the work of the United Nations as a whole and to thinking about the problems of developing countries and their position in the world economy. It was perhaps a paradox that the difficulties encountered in defining the role of UNCTAD in the 1980s sprang to a certain extent from its past achievements. UNCTAD had alerted the system as a whole to a wide range of problems. In particular, it had perhaps encouraged the General Assembly itself to take a greater hand in economic affairs.
3. Comparing the position facing UNCTAD in 1981 with that in 1966, when he had first participated in UNCTAD meetings, he said that there had been three significant changes. First, the world economic situation was a great deal more troubled; in retrospect, 1966 would be regarded as a haven of tranquility. Secondly, there had been a much broader measure of consensus then, in 1966, than there was currently on the role of government in economic management. The two phenomena were, of course, connected. Thirdly, and perhaps the most important of all, there had been a significant evolution in the nature of thinking about development. There had been a tendency in the past to assume that the process of development was relatively homogeneous and that it was possible to concentrate on the nature of the external environment in which the development process took place, on the basis of somewhat simplified assumptions about development. It had been possible, for example, to speak in terms of "the stages of economic growth". In 1981, with both long and wide experience of development co-operation and an enhanced awareness of the acute problems faced by developing countries individually - in which national circumstances, national priorities, and national policy choices differed from one country to another - the development process was seen as something a great deal more complicated. The international development co-operation effort must be much more closely geared to individual national circumstances if it was to achieve maximum effect. The International Development Strategy for the Third United Nations Development Decade ^{1/} adopted by the General Assembly reflected the fruit of the collective experience.

^{1/} General Assembly resolution 35/56, annex.

4. Over the years "trade" had quite rightly been interpreted broadly, indeed comprehensively. In UNCTAD it had come to mean the external economic environment in which development co-operation took place. On the other hand, there had been much less evolution in UNCTAD's perception of the word "development", and it would need to look at the word much more closely in the future. Already, however, there were significant pointers to the direction which UNCTAD's work was likely to take. First, there was the emphasis which had been placed upon individual and collective self-reliance of developing countries. What were the implications of this emphasis for the external economic component of the development process? Secondly, there was the attention being given to economic co-operation among developing countries (ECDC). This involved important questions of procedure and principle which it would be necessary to resolve, but he did not believe that this problem, important as it was, should obscure the importance of ECDC as an element in the development picture. Thirdly, there was the work which UNCTAD was doing as regards the least developed countries, with the prospect of the United Nations Conference in Paris in September 1981. Fourthly, there was the future work which UNCTAD would be doing in the wake of the adoption of the International Development Strategy itself.

5. The uncertainty which faced UNCTAD in several respects need not be a discouragement. It should be a challenge. He suggested that UNCTAD should look ahead on three fronts. First, as regards substance, there were a number of problems of importance on the agenda of the current session. Secondly, he felt that UNCTAD did not do its work as efficiently as it should. Perhaps the most important thing to be done was to achieve greater frankness of discussion and a greater meeting of minds. Group statements and positions were a help when it came to negotiation of specific texts; they had their disadvantages when it came to exploring difficult problems where a collective approach and collective analysis were required. UNCTAD was an important part of the fabric of international consultation, and its fabric must be kept in good repair. Groups had taken a long stride towards making some useful revisions to the framework of UNCTAD at the twenty-first session of the Board. He hoped that they would be able to complete their work at this session. Thirdly, he recalled that they were now halfway between the fifth and sixth sessions of the Conference. It was not too early to start thinking about what the membership should aim to achieve at UNCTAD VI. It would be the first session of UNCTAD at Conference level held in the 1980s. It could not fail to be different from its predecessors. It could be crucial for the future of the organization at the current uncertain time in the history of the United Nations and of international economic negotiations.

6. At the 546th meeting, on 10 March 1981, the Secretary-General of UNCTAD made an introductory statement in which he reviewed the tasks before the Board at its twenty-second session, supplementing it by a written statement elaborating on agenda items 5 and 7. ^{2/}

^{2/} The text of the oral statement was subsequently circulated (TD/B(XXII)/Misc.4) pursuant to a decision by the Board at its 546th meeting, the Board having taken note of the financial implications thereof. For the supplement to that statement, see TD/B(XXII)/Misc.3.

7. In his oral statement, the Secretary-General said that there were many vital issues on the agenda. In some cases, the Board was called upon to take action to build upon the results achieved at the fifth session of UNCTAD, and set in motion procedures, mechanisms and processes that would make it possible for the many difficult problems that clouded the international economic scene to be dealt with in depth. Recent estimates indicated that the world economic crisis would become even more acute and would affect all countries. The developing countries, excluding those in surplus, were faced with the prospect of an increase in their current-account deficit from \$70 billion in 1980 to \$90 billion in 1981, due to a further decline in their terms of trade as well as an increase in their total outstanding debt, from \$440 billion in 1980 and \$490 billion in 1981. They would begin the Third United Nations Development Decade with a clear shortfall in the target for growth set for the Decade.

8. It was hardly necessary to underline the dangers of allowing such a state of affairs to continue. While he sensed a growing awareness of the importance of the countries of the third world as factors in international peace and stability, he was nevertheless struck by the apparent contradiction between that awareness and the general drift of policy measures to support the development process in those countries, marked by growing constraints on official aid, tighter restrictions on access to markets and little or no progress in negotiating agreements to stabilize and strengthen commodity prices and earnings.

9. Helping developing countries to finance their growing payments gap was the most urgent need. But it was not the final answer. In view of the likelihood of slower growth in the industrialized countries in the 1980s, and further upward pressure on the prices of energy, food and manufactures, the most crucial problem to solve was how to make it possible for the developing countries to accelerate the tempo of their development. His own view was that the problem could be resolved only if two conditions were satisfied: first, that a change took place in the nature of the past relationships and linkages between the developed and developing countries and second, that the developing countries established new linkages, especially among themselves. Both requirements were profoundly relevant to the tasks which UNCTAD was called upon to address, particularly in four vital areas: commodity trade, protectionism and structural adjustment, money and finance, and economic co-operation among developing countries.

10. The Secretary-General added that, while there was an immediate need for financial accommodation to help the developing countries to cope with their payments difficulties, the only enduring solution would be to increase their export earnings. In this regard, the matter of the strengthening of commodity prices and earnings remained of particular importance and lent added urgency to the need for rapid implementation of the whole concept of the Integrated Programme for Commodities. ^{3/} He was seriously concerned about the lack of progress in the negotiation of individual commodity agreements, which was not consistent either with the requirements of the current situation or with the often expressed commitment of Governments to the goal of stabilizing and improving the working of commodity markets. Furthermore, weak and unstable commodity markets were particularly harmful to investment and hence to long-term supply prospects, a matter of some concern to consuming countries themselves.

^{3/} Conference resolution 93 (IV) of 30 May 1976.

11. At Manila, attention had been focused on the marketing, distribution and processing of commodities, and the results of some of the secretariat's work on the subject would be presented to the Committee on Commodities at its next session. He hoped that that would make it possible to launch a process that would lead to the negotiation of a framework of international co-operation in that area. He also hoped that progress would be made in the matter of compensatory financing when the secretariat presented its study in the next few months.

12. For the developing countries to strengthen their earnings capacity, however, they should be given every opportunity to increase the volume of their exports of both primary products and manufactures. In that connection, the problem of protectionism and structural adjustment in respect of both agricultural and manufactured products was of vital importance and should constitute one of UNCTAD's major concerns. The secretariat had continued to study the substantive aspects of the problem, and its studies would be made available to the Board at its next session. Members of the secretariat had also held discussions in a number of capitals, and it appeared that a genuine will existed to give the subject serious attention in an organized and constructive manner. He himself had held informal consultations on the subject with a number of high-level experts, which had amply confirmed his view that the emergence of protectionist trends was serious enough to warrant the attention of the international community, and that the reversal of those trends would be conducive to the expansion of world trade and economic activity. In considering what could be done to deal with the problem, he felt that in the immediate situation increased transparency in respect of the protective devices used and of other measures, including the development of adequate safeguard arrangements, would be particularly useful.

13. In respect of longer-term and more fundamental approaches, he was convinced of the need to achieve a better understanding of the many changes that had taken place in world trade through studies and analyses, on the one hand, and discussion and dialogue in international forums, on the other. These changes, including the increasing use of non-tariff barriers, the emergence of transnational corporations and large trading entities as preponderant actors in world trade, the parallel and considerable growth in State trading, the rise of integration systems in many parts of the world including some of the highly industrialized countries, the system of trade preferences for developing countries and the growing export capabilities of these countries in the area of manufactures, had rendered the processes of world trade very different from what they were 20 or 30 years ago. In this connection, one task which UNCTAD should undertake was to organize a process to examine the issues involved, in the light of Conference resolution 131 (V). In his view, the subject of protectionism and structural adjustment was important and complex enough to be entrusted to an ad hoc mechanism specially created for the purpose, which would have its own tempo and which could concentrate in a progressive fashion on the many ramifications of the subject.

14. A third area of crucial importance in the search for solutions was that of money and finance. There were two interrelated aspects to the question of monetary reform: one, the question of making progress towards a coherent and more enduring system, covering such issues as the creation and distribution of international liquidity, the future role of the SDR, the nature of the future exchange rate system, greater universality and the need to give developing countries a bigger role in the decision-making process. The other concerned the scale of the resources to be made available by international financial institutions to meet payments gaps and the

conditions for doing so. The institutions in question had recently taken important steps to augment the volume of resources provided to developing countries, but a great many of those countries were nevertheless being obliged to curtail essential imports and to cut back on development projects and social programmes. While UNCTAD should not engage in activities that would duplicate the work of the international financing institutions, it nevertheless had a unique contribution to make precisely because it could look at the issues in the context of their relationship to trade and development, and it had already made a valuable contribution through a number of studies, as well as through discussions in and recommendations by its intergovernmental bodies. Unfortunately, the Ad hoc High-level Intergovernmental Group of Experts established after UNCTAD V had not had the participation of experts from the developed market-economy countries in general, and he would welcome it if Governments would consider how that situation could be remedied.

15. The consultation held between UNCTAD, the World Bank and the International Monetary Fund on the treatment of future debt problems, in response to Board resolution 222 (XXI), had led to positive conclusions, and a brief report on their discussions was being circulated as a supplement to his present statement. It was hardly necessary to stress the importance of the debt issue in the context of the current crisis and hence of the value of the decision taken by the Board. Another aspect of the debt problem was the implementation of Board decision 165 (S-IX). In that respect, he emphasized that the principal issue of implementation was the extension of debt relief by donors through retroactive adjustment of terms to all the countries described in the resolution as "poorer countries".

16. In posing the question as to how developing countries could attain their objectives, given the prospect of a much slower tempo of growth in the industrialized countries, he had suggested that the answer fell into two parts. He would now like to make some observations on the second part, dealing with the establishment of new linkages, especially among the developing countries themselves. He felt strongly that the developing countries could alleviate their problems to some extent through co-operation among themselves. He wondered also whether the developing countries could not do something to strengthen the markets for their primary products through mutual co-operation. The prospects for the successful establishment of commodity agreements jointly with consumers would, he felt, be vastly enhanced if producers were able to agree on a common position. Their inability to do so had been a factor in the slow tempo of progress towards such agreements.

17. On the question of market access, he believed that outlets for the growing export surpluses of the developing countries had to be sought within those countries too, since, over the long term, the industrialized countries would be unable to absorb all the surpluses produced by the developing countries as they became more industrialized. Trade among the developing countries had undoubtedly been expanding recently, but the process needed to be promoted and facilitated by those same countries. That consideration lent urgency to the need for rapid progress towards the establishment of a preferential trade system among them as a major strand in any programme of economic co-operation.

18. Money and finance was another area in which the developing countries could take steps to improve the situation themselves by creating institutions and facilities that would reconcile the needs of developing countries for financial resources with the need of the depositors of funds for security and adequate returns. He paid tribute to the impressive record of the oil-exporting developing countries in providing aid to other developing countries which, in terms of shares of GNP, far

surpassed that of the major industrialized donor countries. However, concessional aid by the oil-exporting developing countries could not by itself solve the vast payments problems of the developing countries; the solution was the responsibility of the international monetary and financial system taken as a whole. But it could be assisted by action taken among the developing countries themselves that would mobilize larger financial flows of a more commercial character.

19. The Secretary-General added that economic co-operation among developing countries should be seen as a vital part of the international strategy for development, and that the United Nations system and UNCTAD itself should give all possible support to the process. It was important that ways be found to enable the developing countries to pursue the goal of economic co-operation among themselves within a framework of international support for the process as part of an over-all strategy of development.

20. He drew attention to the need for international solutions achieved by governmental agreement to be consistent with the interests of all countries. Each group of countries would gain by approaches and actions that would relieve the present crisis, and by the improved functioning of international economic mechanisms. The primary need in attempting to solve the complex issues in the areas he had delineated was the establishment of processes for dialogue and discussion, and one of the main tasks facing the Board was, in his view, precisely the structuring of such processes within UNCTAD to develop and elaborate upon the issues in question. Such processes would have to evolve and mature before the nature of the solutions that were acceptable became clear; they would engage the energies of UNCTAD for some time to come, and he therefore urged Governments to help to establish them without delay. Such processes, if well-organized, would contribute to the global negotiations proposed for 1981 and in turn benefit from them.

21. Turning to other important tasks and issues of concern to member States, he referred to UNCTAD's ongoing work on bulk trade in the area of shipping, and hoped that the negotiations on the international code of conduct on the transfer of technology would be brought to a successful conclusion at the forthcoming fourth session of the United Nations conference on that subject. In matters of trade between countries with different economic and social systems, he noted that progress had been made in negotiations on a draft resolution on the subject during the previous session of the Board, and hoped that agreement could be reached at the next session.

22. Two points he wished to touch upon before concluding concerned, first, the need to establish within UNCTAD an appropriate mechanism for an annual review of the world economic situation to complement ongoing work in individual problem areas and to facilitate a high-level exchange of views and information on the situation. The secretariat was preparing a more comprehensive annual trade and development report as the first step in that respect.

23. The second point concerned the rationalization of the permanent machinery of UNCTAD in the light of Conference resolution 114 (V). He recalled that that resolution called for the strengthening of UNCTAD as a principal instrument of the United Nations in the field of international economic co-operation, greater flexibility to be given to UNCTAD in administrative, budgetary and personnel matters, and for the rationalization of the permanent machinery, and emphasized the need for implementation of the resolution in all its aspects. Discussions were continuing

on the question of flexibility, and he had elaborated on this matter in his supplementary statement. On the question of institutional machinery, he referred to the proposals he had made on the convening of the Board and its permanent committees, which had been elaborated upon in consultations with regional groups. He had benefited from such consultations and would suggest that, for the present, the Board keep those proposals, which he had set out in his supplementary statement, for further examination. In that context, he would be interested in the views of members of the Board on the possibility of giving effect, on an experimental basis, to some of the suggestions he had made, perhaps in 1982. Some of the suggestions made by Governments, such as those relating to translation and interpretation and timely availability of documents, which were within the purview of the secretariat, were in process of implementation, and he believed that the improvements in those respects were already in evidence at the current session.

24. One of the critical problems facing the international community which had now become particularly important was the situation of the least developed countries. He was glad to see a growing awareness in the international community that the problem had to be dealt with urgently and adequately, and hoped that the United Nations Conference on the Least Developed Countries, to be held in September 1981, and to be preceded by separate review meetings for the least developed countries, would constitute a serious start to the longer-term process of eradicating poverty in the weakest countries of the world.

25. At its 551st meeting, on 18 March 1981, the Board was addressed by Mr. J. Ripert, Under-Secretary-General for International Economic and Social Affairs, who stressed the close working relationship between his Department and the UNCTAD secretariat. Taking stock of the progress in negotiations on economic matters in New York in the last six months, he said it had not been negligible, but was still insufficient. Although a number of developed countries had expressed reservations on the new International Development Strategy, it contained a series of development aims for the developing countries, within the context of the establishment of a new international economic order, and set forth a number of guidelines for achieving those aims at the national and international levels. While growth targets in the Strategy might seem unrealistic or ambitious, they were less questionable when viewed in terms of the need to reduce world poverty, and did not seem unattainable in the light of past results and of a possible mobilization of national and international efforts. The new Strategy was also more explicit than the previous one in specifying that the ultimate aim of development was to satisfy human needs, including participation, and it accordingly gave due emphasis to social aspects of development, such as the role of women. Similarly, the Strategy included a number of measures to reform the system of international economic relations.

26. In view of the present uncertain economic situation, the machinery for review and assessment, which was an integral part of the Strategy, had been universally recognized as being of particular importance. While the Strategy had been designed as a frame of reference for international co-operation for development, it was clear that the machinery for implementation would have to be gradually supplemented as international negotiations progressed, in particular upon completion of global negotiations on five fundamental issues: raw materials, trade, energy, development and monetary and financial questions.

27. Although, for the time being, the discussions on the global negotiations were suspended, the consultations of the six previous months had narrowed the divergence of views. Nevertheless, there was still disagreement on the role of the central body that would be responsible to the General Assembly and on the role of the specialized bodies. The main disagreement concerning the agenda was on the wording of the items relating to monetary questions and energy. He hoped, however, that on the basis of the points on which agreement had already been reached it would be possible to start effective negotiations. In his view, failure by the United Nations to reach agreement would be all the more prejudicial because it would come at a time when, to the numerous uncertainties affecting the world economy, there would be added the apparent inability of member States to overcome inevitable differences of opinion or understandable suspicions and, on essential matters, to carry out the co-operative measures or reforms rendered necessary by an international economy increasingly characterized by the realities of interdependence.

28. The temptation to adopt attitudes of withdrawal or policies of self-interest seemed to be re-emerging, since the advantages of international co-operation appeared to public opinion, if not political leaders, as too intangible in the short term to warrant the necessary changes. An analysis of economic realities confirmed the serious danger with which an attitude of resignation or, simply, scepticism would be fraught. In contrast to the situation in the 1970s, the great majority of developing countries were now having serious difficulties in sustaining some measure of growth that did not hinge on the economic situation in the developed countries, owing mainly to the deterioration in their terms of trade, the growing burden of their debt - sharply increased with the rise in interest rates - and, in the case of the poorest and especially the least developed countries, the stagnation of ODA on concessional terms.

29. He added that the medium-term and long-term prospects were hardly more encouraging. Growth in the developing countries, especially those with deficits in the next few years would probably be less than in the 1970s and hence much lower than the target laid down in the Strategy. The case of the poorest countries was particularly worrying, since commodity exports would probably rise only slightly, there would be no improvement in the terms of trade, and the difficulties experienced in raising loans on the financial markets would increase. The developing countries exporting manufactured goods would probably be less affected, provided the industrialized countries resisted, as they still appeared to be doing, the temptation to have extensive recourse to open or concealed protectionist practices. In any case, such a trend could mean only a very slight reduction, if not an increase, in the number of people living in a state of abject poverty or malnutrition.

30. A Working Group of the Administrative Committee on Co-ordination (ACC) had concluded that if the targets laid down in the Strategy were to be attained, food production in the developing countries would have to be increased by between 2.8 and 4 per cent annually, but the possible or likely growth appeared to be in the range of 2.2 to 2.4 per cent, in which case the number of persons suffering from malnutrition would be approximately one billion. Moreover, world food reserves were dangerously low, and although the decisions taken at the World Food Conference had enabled some machinery to be established, recent experience had shown that the international community could not react quickly and appropriately in cases of emergency.

31. The developed market-economy countries were all attempting to bring inflation under control, but the forces at work were complex and the effectiveness of the familiar policy instruments was uncertain. Some countries relied heavily on demand management policies, particularly monetary policy, but there were considerable rigidities, both institutional and structural, within industrial economies. Consequently, there appeared to be strong reasons for approaching the problem in a pragmatic manner, not only through policies of demand restraint, but also through measures to stimulate investment and to restore social cohesion by lessening the competition to protect incomes. Domestic action should be supplemented by the co-ordination of policies at the international level, not least to promote greater stability in exchange and commodity markets, particularly in the energy field.

32. Some non-inflationary growth in the developed market-economy countries was necessary, particularly if protectionism was to be avoided. A favourable investment climate and a resumption of growth in productivity were the essential ingredients of a structural adjustment policy. Many misgivings had been expressed, in UNCTAD and elsewhere, regarding the obstacles to expansion in the third world created by growing protectionism. The leaders of the Western world seemed to be maintaining a firm attitude, despite the strong internal pressures to which they were subjected, but the test of their resistance might well lie in their response to the conflicts among the developed market-economy countries themselves in such sectors as the motor industry. What was at stake in the current debate among developed market-economy countries was of the highest concern to the developing countries.

33. The solution to development problems in the current economic and political circumstances must, more than ever before, be sought first and foremost through the mobilization of the respective partners' own efforts. It also required a strengthening of economic co-operation and of trade among developing countries. There was a danger that the scant progress made through concerted international action and negotiations and the calling into question of the multilateral approach to the search for appropriate solutions might cause rifts or tensions that would have prolonged harmful consequences. That danger could be averted by seeking agreements on emergency measures in fields of common interest and by continuing, despite the current obstacles, the effort that had to be made to lay down rules that would meet the need for equitable participation and efficient management in international economic relations and to establish institutional machinery adapted to the new dimensions of the world economy and the international community. It was important to proceed by stages and not to question at the outset what had already been achieved, until such time as valid alternative solutions acceptable to all parties concerned had been found.

34. Lastly, flexible procedures should be promoted for concerting and, in some cases, harmonizing the domestic policies pursued by member States in certain important fields. The boundary between domestic policies and international relations no longer existed except in an administrative sense, and there was an urgent need to begin to take account of that fact at the global level.

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35. Part one of the present report contains an account of the Board's proceedings during the first part of its twenty-second session. 4/

4/ For a fuller account of the proceedings in plenary meetings, see the summary records of the 545th to 552nd meetings (TD/B/SR.545-552).

CHAPTER I

GENERAL STATEMENTS ON BEHALF OF REGIONAL GROUPS AND OTHER STATEMENTS

A. General statements on behalf of regional groups

36. The spokesman for Group B drew attention to projections for the world economy published by the OECD secretariat in the December 1980 issue of OECD Economic Outlook and to the remarks therein on the rise in the price of oil in 1979-1980 and the tight stance of the fiscal and monetary policies which the Governments of OECD member countries considered as indispensable in order to overcome as yet unabated inflationary pressures and to establish a sound economic base for the future. As a result of these two forces, real GNP in the OECD area would be about 6.5 per cent lower than it would have been otherwise and the outlook was for a weak recovery, leading to an annual rate of growth of perhaps 3 per cent by mid-1982. Whereas inflation in the OECD economies seemed likely to slow down, unemployment was expected to rise sharply in almost all member countries and to reach nearly 7.5 per cent of the total labour force in the first half of 1982.

37. The OECD secretariat had judged that there was a greater risk that output would fall short of the forecast level than that it would exceed it, a judgement which now seemed to be confirmed mainly because the policies which had had to be adopted in OECD countries had in fact been tighter than the OECD secretariat had assumed. Growth in the first quarter of 1981 would probably be slightly lower than forecast in December 1980. While unemployment was expected to increase in practically every OECD country, inflation seemed likely to slow progressively, with consumer prices in the OECD area probably increasing at a rate of about 9 per cent per annum.

38. As the countries of Group B were fully aware, in the short run these circumstances were likely to result in a worsening of the already serious problems which many developing countries faced with respect to their current-account balances. He reaffirmed, however, the intention of Group B countries to seek to create conditions in which over-all economic growth could be resumed at an early date in the interests of all.

39. The spokesman for Group B further noted that one of the major items before the Board at this session concerned the issues of protectionism and structural adjustment which had been pending since UNCTAD V. Though the intensive deliberations in Sessional Committee III of the Board at its twenty-first session had failed to produce an agreed framework for the reviews envisaged in Conference resolution 131 (V), the gap between the differing views of the regional groups had been narrowed and the points of divergence more clearly identified. Group B was prepared to engage in a further exchange of views at the current session, in the hope of reaching agreement on UNCTAD's future work in this field and related arrangements therefor, so as to proceed to substantive work on these issues without further delay. Group B noted with interest that the Secretary-General of UNCTAD, in his opening statement, had placed emphasis on studies, dialogues and analyses as a process to probe into the issues. His statement contained some interesting thoughts which deserved thorough consideration by all concerned.

40. With respect to the issue of debt, he stated that Group B would study carefully the information provided by the Secretary-General of UNCTAD on the progress of the consultations conducted with the World Bank and the International Monetary Fund in accordance with Board resolution 222 (XXI). Group B considered the adoption of that resolution as a valuable contribution to the furtherance of constructive co-operation in this important field. At the same time, the Group expected account would always be taken, in dealing with relevant arrangements and practices, of their statement made at the time of its adoption.

41. Referring to the successful conclusion of the negotiations on the Common Fund for Commodities, he said the Agreement 5/ represented one of the most significant achievements of UNCTAD and that an early commencement of operations by the Common Fund would have an important bearing on the catalytic role that the Fund was anticipated to play. For this and other reasons Group B strongly hoped that quicker progress in the preparatory process would be made during the coming months. In this respect, he noted that 14 out of the 26 States currently signatories to the Agreement were Group B countries.

42. In addition to the adoption of the Agreement Establishing the Common Fund, some progress had been achieved with respect to the implementation of the Integrated Programme for Commodities. Group B continued to adhere to the principles and aims of Conference resolution 93 (IV), and noted with approval the agreement reached at the ninth session of the Committee on Commodities regarding the future programme of work in the commodity field, which would enable the effective carrying-out of the measures agreed in Conference resolution 124 (V).

43. Turning to the question of technology, he noted that a useful attempt had been initiated, at the third session of the Committee on Transfer of Technology, towards consolidating the diverse work programme of UNCTAD in the technology field. Reflecting an increasing awareness of the key role of technology in the development process, a number of resolutions and decisions had been adopted within UNCTAD since the third session of the Conference in 1972, resulting in the widening of the scope of UNCTAD's activities in this area. In dealing with the specific questions referred to the Board by the Committee on Transfer of Technology, Group B believed that the Board should bear in mind the need for evaluation of UNCTAD's activities in the technology field, with a view to ensuring that the work being carried out would effectively contribute to the transfer and development of technology.

44. He noted that the current session of the Board would be immediately followed by the fourth session of the United Nations Conference on an International Code of Conduct on the Transfer of Technology. Difficult negotiations on the proposed code had already produced a considerable measure of agreement, and it was Group B's expectation that the forthcoming session of that Conference would successfully complete the negotiations.

45. Group B sincerely hoped that it would be possible to reach agreement on rationalization of the permanent machinery of UNCTAD at the current session. After one and a half years of intensive work, agreement should no longer be deferred on measures supporting the achievement of the common goal of making UNCTAD a more effective and productive organization. Group B hoped it would be possible for member States to conclude now the agreement which had been almost reached at the previous session, bearing in mind the negative implications that failure to do so would have for UNCTAD as an organization. A successful conclusion would constitute an important signal to Governments and to the rest of the United Nations system that the States members of UNCTAD were capable of making needed improvements in UNCTAD's institutional machinery and methods of work, enabling member States to make more effective use of UNCTAD in the 1980s.

46. The spokesman for the Group of 77 noted that the session was beginning amid signs that the international economic crisis was worsening. The world economic situation was even worse than that which prevailed in September 1980 and showed no signs of recovery. In the opening year of the present decade, the world economic crisis was assuming unprecedented dimensions and the world economy remained in a state of structural imbalance, characterized by prolonged monetary instability, chronic imbalances in international payments, a marked deceleration in world economic activity, a steady trend towards high rates of inflation and unemployment, an intensification of protectionist measures, growing structural problems, a lack of adjustment and uncertain prospects for growth in the medium and long term.

5/ TD/IPC/CF/CONF.24 (United Nations publication, Sales No. E.81.II.D.8).

47. These negative trends, which had been intensifying since the twenty-first session of the Board, were having far-reaching and uneven effects. Owing to the great vulnerability of their economies, the developing countries had been seriously affected, and never before had the combination of external forces been so unfavourable to them. The discouraging forecasts made at the beginning of the new Development Decade indicated a growth rate of only 5 per cent for the developing countries as a whole during 1981 and 1982. For the lowest-income countries a period of sharper deterioration was forecast. It was expected, for example, that the least developed countries would grow by only 2 per cent in 1981 (and the most seriously affected countries by not more than 4 per cent). In per capita terms, the outlook was even more gloomy.

48. Inflation, recession, instability - particularly in the monetary system - and protectionism in the international economy had severe repercussions on the weakest countries. It had been estimated that the terms of trade of a large group of developing countries would deteriorate by 8 per cent in 1981 alone, and the high cost of financing would aggravate the current-account deficit of the developing countries, which was expected to grow from \$70 billion in 1980 to about \$90 billion in 1981. The least developed countries would be particularly affected by these trends.

49. In addition, as a result of a deterioration in the terms of trade of the majority of the developing countries - a persistent structural problem - and declining demand for their industrial raw materials and manufactures, a growing number of developing countries were facing unprecedented deficits in their external payments, disrupting their development programmes and increasing their external indebtedness. That was particularly so for the least developed countries.

50. The impact of the persistent economic crisis on the over-all development process confirmed the breakdown of existing international economic relationships. Furthermore, the system of international trade was under serious strain, to the disadvantage of the developing countries in particular, and unless the inflexible attitudes of the industrialized countries changed, as the Group of 77 had urged, it would not be possible to achieve in the near future a system of relatively open trade, with responsible policies and actions aimed at bringing about structural changes in the international division of labour.

51. There was a growing recognition of the interdependent nature of the international economic situation. It was also recognized that, in spite of the asymmetrical form which interdependence between developing and developed countries had assumed, independent action by the developed countries in search of unilateral solutions would ultimately prove unsuccessful. In fact, given the structural nature of the present economic crisis, policies directed towards substantive changes in the international economic system and designed to strengthen the economies of the developing countries might help to overcome the serious economic difficulties confronting the developed countries. There was no doubt that in the present circumstances greater flows of international financial assistance were of vital importance for the developing countries, particularly the least developed among them.

52. He noted that the total external indebtedness of the developing countries, which had stood at \$75 billion in 1970, was approaching \$450 billion, the servicing of which would absorb almost 20 per cent of their exports. Their annual interest payments of some \$35 billion were equivalent to over half their annual exports of the products included in the Integrated Programme for Commodities. The greater part of their debt was now non-concessional. The response of the developed countries to this dramatic situation had been discouraging: the Chairman of the Development Assistance Committee (DAC) had stated that the increase in official development assistance (ODA) by DAC members in 1979 had been less than in recent years, and that the prospects of increasing official development assistance were doubtful.

53. His Group noted with satisfaction that Denmark, the Netherlands, Norway and Sweden were fulfilling in exemplary fashion their undertaking to continue their valuable assistance to the developing world, but the indications of probable reductions in the ODA programmes of the United Kingdom and the United States were disturbing.

54. The Group of 77 appreciated the new policies of IMF in recently increasing its credits to the developing countries and reaffirmed that IMF could play a significant role if an adequate volume of resources was available on appropriate terms and conditions and if the Fund substantially liberalized its "conditionality" in lending to developing countries.

55. He expressed appreciation for the review by the UNCTAD secretariat of action taken under section A of Board resolution 165 (S-IX), from which it was apparent that the developed countries had interpreted the geographical scope of the resolution very subjectively. While the resolution admitted of a certain flexibility of interpretation, he reiterated the decision adopted by the Group of 77 at the level of Finance Ministers, and recalled in paragraph 3 of Board resolution 222 (XXI), that "developed countries which grant relief measures to only a limited group of poorer developing countries should not be considered as having implemented fully resolution 165 (S-IX)". That subject had been fully discussed in UNCTAD, and the report of the Group of High-level Experts on Finance for Development which had met in September 1978 dealt exhaustively with policies on the access of developing countries to the capital market. 6/ The International Development Strategy for the Third United Nations Development Decade recommended that retroactive adjustment of terms should be continued. This, too, was reflected in resolution 222 (XXI) adopted by the Board at its last session.

56. Another conclusion that might be drawn from the exercise of retroactive adjustment of terms was that, although a number of donor countries had announced their intention of undertaking it, they had not yet taken specific action to that end. His Group had been surprised to learn that in the case of some donor countries the matter was being discussed in bilateral "negotiations", subject in some cases to Parliamentary approval, and it urged creditor developed countries to take promptly the necessary action, which would principally benefit the low-income countries.

57. Although such adjustment had undoubtedly helped to alleviate the problem of many individual countries, particularly the least developed, it had not had significant repercussions on the over-all increase in the indebtedness of the developing countries, even of those with the lowest incomes. Furthermore, as the President of the World Bank had rightly stated, it was by no means certain that such adjustment constituted additional official development assistance.

58. In respect of official debts not included in official development assistance, which would include, for example, debts contracted with multilateral financial agencies and export credit agencies, his Group was not yet ready with specific proposals, but hoped to present them at the next session of the Board.

59. The Group of 77 deplored the fact that the socialist countries of Eastern Europe had not given any information on their contribution to relieving the debt burden of developing countries. Although those countries had stated that they considered this

6/ Official Records of the Trade and Development Board, Eighteenth Session, Annexes, agenda item 5, document TD/B/722.

to be a matter to be solved, in bilateral relations, all would be better informed if they would make available relevant data. It should be acknowledged, however, that the socialist countries constituted a source of long-term financial assistance for the developing countries. According to information from the latter countries, their debts to those countries at the end of 1979 amounted to \$16 billion and the annual servicing of the debt to approximately \$1.6 billion. This assistance from the socialist countries had been helpful, and he hoped that those countries would implement resolution 165 (S-IX) and provide the relevant information.

60. With regard to private financial flows, he pointed out that interest rates were currently high and subject to uncertain fluctuations. Furthermore, there had been no progress in policies directed towards improving the access of developing countries to capital markets. Credits from the private banking system to developing countries had in fact declined in volume in 1979 and apparently again in 1980.

61. The Group of 77 had been pleased at the adoption of Board resolution 222 (XXI), which for the first time set out agreed international guidelines on future debt operations. The effectiveness of those guidelines depended, however, on at least three factors:

(a) The extent to which developing countries made use of them and ensured that they constituted an effective framework for future debt-related operations;

(b) Developed countries and institutions must take them equally seriously and, in particular, must link debt rescheduling more directly to additional financial flows;

(c) The existing institutional machinery for debt rescheduling must be expanded and transformed.

62. It was necessary to ensure not only that the indebtedness of developing countries was properly analysed but also that there was appropriate machinery for monitoring and follow-up. He recalled that the Group of 77 had proposed at UNCTAD V the establishment of an international debt commission, which would be an organization independently constituted to handle problems relating to the indebtedness of the developing countries. It was on a compromise basis that they had agreed to the scheme set out in resolution 222 (XXI), in which the President of the World Bank and the Managing Director of the International Monetary Fund, in consultation with the Secretary-General of UNCTAD, were invited to consider as soon as possible effective procedures for responding in a co-ordinated manner to requests for analysis from developing countries. They hoped that the institutions would act in a genuinely innovative way and with a vision of the future in responding to this request by the Board.

63. The Group of 77 considered that the debt problem required a far-sighted approach rather than the ad hoc solutions that had frequently been applied. Debtor developing countries did not regard the solution to their problems as equitable, adequate or long-term if they were worked out in an atmosphere of crisis and in institutions totally dominated by their creditors. The now detailed features represented the culmination of many years of effort. Already in 1975 the Ad hoc Group of Governmental Experts on Debt Problems of Developing Countries had identified "common elements" as a guide for debt operations, I/ but this was the first time that the international community as a whole, through a resolution of the Board, had agreed to work out a

I/ See the report of the Group on its third session (TD/B/545/Rev.1) (United Nations publication, Sales No. E.75.II.D.14).

coherent set of guidelines. At present, the developing countries could not even be sure that their requests for debt rescheduling would be heard promptly and attentively so that they might be resolved by themselves alone. In most cases they had to conform to the inflexible set of conditions of IMF before they could even hope that their arguments would be heard. When finally their problem was discussed, the solutions were, in the majority of cases, short-term and the criteria predominantly commercial. Once more, what was needed was political will and wider vision. The Group of 77 trusted that the Board would continue to take a lively interest in future events.

64. He stated that items 3 and 4, on evaluation of the world trade and economic situation and on interdependence, were important items on the agenda. At the previous session of the Board, the Group of 77 had made some observations on the growing seriousness of the world economic crisis and its symptoms in the form of inflation, unemployment, protectionism and the breakdown of the international monetary system. It had requested that UNCTAD should undertake an analysis of the problems of evaluation and interdependence and propose policies and measures that would support a recovery from the current world economic situation. It had mentioned specifically the following issues:

- (a) An evaluation of the world trade and economic situation;
- (b) Consideration of measures to facilitate structural change in the international economy, with a view to the establishment of the new international economic order;
- (c) A discussion on the evolution of rules and principles governing international economic relations;
- (d) UNCTAD's contribution to the implementation of the new international development strategy.

The Group of 77 would like these suggestions to be taken into account in the study which the Secretary-General of UNCTAD would be submitting to the Board at its twenty-third session.

65. With regard to the evolution of rules and principles governing international economic relations, he said it should be noted that the points of interest had been singled out by the UNCTAD secretariat in document TD/224 and further considered at the Refsnes conference in July 1980 by a group of economists meeting under the sponsorship of the Norwegian Government. ^{8/} It was an excellent review of the points of interest and of the inadequacy of current economic theory. The Group of 77 would like the secretariat to develop these points fully for substantive discussion.

66. With regard to the International Development Strategy for the Third United Nations Development Decade, adopted at the thirty-fifth session of the General Assembly, he stated that UNCTAD's contribution had not been properly reflected. Furthermore, some developed countries had entered many reservations. The evaluation of the Strategy by the Secretary-General of UNCTAD should take into account those reservations and, on the basis of this reality, should propose measures for its implementation and review so that the goals and objectives of the Strategy

^{8/} See Official Records of the General Assembly, Thirty-fifth Session, Supplement No. 15, (A/35/15), vol. II, para. 111.

could be achieved in so far as they related to the developing countries. The General Assembly would conduct its first review and appraisal of the implementation of the Strategy in 1984. Perhaps the Conference at its sixth session, in 1983, could devote special attention to this subject. In preparation for UNCTAD VI the agenda of the twenty-fifth session of the Board should include a specific item on this question and the Secretary-General of UNCTAD could consider appropriate measures for such an exercise.

67. Referring to Board decision 144 (XVI) which authorized the Secretary-General of UNCTAD to convene meetings of high-level governmental experts to assist him in keeping under continuous reviews problems of interdependence in the fields of trade, development finance and the international monetary system, he invited the Secretary-General to avail himself as soon as possible of that authorization and, in addition, to carry out relevant consultations at the end of the present year or the beginning of 1982.

68. The Group of 77 attached great importance to the question of protectionism and structural adjustment. At Manila there had been agreement (reflected in Conference resolution 131 (V)) on a programme of action for structural adjustment related to trade and to policies and measures associated with protectionism. Unfortunately, the Board had made no progress in action on this resolution. Since UNCTAD V, restrictive measures on exports from developing countries had been intensified in areas of special importance to the exports of those countries, in spite of their clear comparative advantage in those sectors of production and their heavy dependence on export earnings from them. The protectionist measures adopted by a large number of developed countries had produced critical situations. Restrictive trade measures had increased in spite of the declarations frequently made by developed countries reaffirming their belief in the liberalization of trade. Recently, in June 1980, the Governments of OECD countries, meeting at ministerial level, had expressed their determination to do away with restrictive measures in trade. It would be possible to achieve lasting solutions to protectionism only by addressing the structural problems from which it sprang. The developed countries themselves, in their declaration at the previous session of the Board, had acknowledged that the problems of protectionism were intimately linked with the problems of structural adjustment. They had agreed that there was a continuing and growing need to make positive changes in the relevant policies.

69. There were, moreover, significant areas of common thinking on these questions between the developed and the developing countries, and the Group of 77 hoped that as a result it would be possible to hold a constructive dialogue, perhaps leading to an agreement at the present session at least on the machinery and modalities for achieving the objectives of resolution 131 (V).

70. On the question of transfer of technology in individual sectors, he noted that at its third session the Committee on Transfer of Technology had remitted draft resolution TD/B/C.6/L.20/Rev.1 to the Board for further consideration at its twenty-second session, since there had not been sufficient time to conclude the negotiations. Governments and the competent organizations in the United Nations system had now had sufficient time to undertake a careful examination of the studies that had been submitted by the Secretary-General of UNCTAD with a view to convening meetings of experts in the sectors mentioned in the draft resolution. Consequently, the Board should now be in a position to take a decision concerning the convening of three expert meetings and their dates.

71. Referring to draft resolution TD/B/C.6/L.26, which had also been remitted by the Committee on Transfer of Technology to the Board, he said that the Group of 77 attached the utmost importance to it, since it would give effect to a large number of recommendations adopted at UNCTAD V concerning the formulation of an integrated set of policies, laws, regulations and procedures as a means of implementing strategies for achieving the technological transformation of developing countries. His Group believed that the commitments entered into by consensus at Manila should not remain merely words in the report of the Conference but should have a direct impact at the national level. To that end, the draft resolution submitted by the Group of 77 attempted to translate the Manila recommendations into concrete action. It requested the Secretary-General of UNCTAD to prepare a very specific report to help developing countries to adopt suitable measures at the national level for formulating legislation and policies on the transfer and development of technology.

72. On the question of rationalizing the permanent machinery of UNCTAD he said that Conference resolution 90 (IV) lay at the origin of the work on rationalization which had been proceeding in UNCTAD. That resolution, by considerably expanding UNCTAD's deliberative and negotiating functions, particularly for the purpose of implementing the Programme of Action on the Establishment of a New International Economic Order, 9/ undoubtedly constituted a fundamental element in the institutional evolution of UNCTAD. The Group of 77 trusted that it would be possible, at the current session, to complete the negotiations on rationalization, although it must be recognized that considerable efforts made so far had been directed principally towards the so-called logistical aspects. The Board had made very little progress in formulating new principles and policies on questions within the competence of UNCTAD and particularly on the implementation of the Programme of Action on the Establishment of a New International Economic Order. The Secretary-General of UNCTAD and the Group of 77 had rightly observed, at the Board's twenty-first session, that the problem of rationalization was not confined to the physical aspects, such as reduction of the tempo of meetings and the preparation and timely distribution of documentation, but was essentially one of determining how UNCTAD could be made into a more effective and efficient instrument of the General Assembly in dealing with numerous substantive problems under its own mandate. That problem could not be solved merely by improving UNCTAD's machinery. He hoped that negotiations could be concluded at the current session, perhaps on the basis of the draft resolution submitted by the Chairman of the Sessional Working Group at the previous session, so that fresh efforts in this field might be focused directly on what the Secretary-General of UNCTAD had rightly referred to as the substantive issues within the mandate of UNCTAD.

73. For a proper evaluation of the real significance of some of UNCTAD's achievements in its new stage of restructuring, achievements which were of the utmost importance, and to permit a preliminary consideration of agenda item 8 (a), on commodity trade, and more particularly the Integrated Programme for Commodities, he said mention should be made of the Common Fund for Commodities, the Convention on International Multimodal Transport of Goods 10/ and the Set of Principles and Rules on Restrictive Business Practices, 11/ which had been referred to at the Board's twenty-first session as important achievements of UNCTAD in the negotiating field. But the Secretary-General of UNCTAD himself, and the Group of 77, had expressed doubts even then about the actual value of the Common Fund in view of the fact that its effective operation called for the existence of a large number of international commodity agreements, which was not the case at present. The developed countries had not only continued to maintain inflexible positions in negotiating new agreements or revising existing ones, but also they had shown signs of hardening their position as regards the practical negotiation of provisions to ensure one of the fundamental objectives of the Integrated Programme for Commodities, namely, the stabilization of commodity prices.

9/ General Assembly resolution 3202 (S-VI).

10/ TD/MT/CONF.16.

11/ TD/RBP/CONF.10/Rev.1 (United Nations publication, Sales No. E.81.II.D.5), sect. IV.

74. The Group of 77 hoped that the satisfaction expressed by the developed countries at the conclusion of the negotiations on the Common Fund and the prospect of the Agreement soon coming into force would be reflected in a positive attitude towards the conclusion of new international commodity agreements, the revision of such agreements and, above all, the approval of provisions on commodity price stabilization.

75. In the field of multilateral trade negotiations, he said it was disturbing that in the first year of application of the results of those negotiations, the necessary flexibility and goodwill to enable the majority of developing countries to accede to the individual agreements had been lacking. In fact, the percentage of developing countries which had so far signed the relevant instruments was so small that the credibility of the GATT system and the effectiveness of the results of the Tokyo Round might be considered to be in doubt. While recognizing that the most-favoured-nation (MFN) clause regarding tariff concessions was generally being complied with, in conformity with the programme established in the Geneva protocols, the Group of 77 had to point out that some of the most important questions affecting the interests of the developing countries, particularly the early implementation of MFN tariff concessions for those countries, and the problem of tariff escalation, were still unresolved.

76. One important area covered by the multilateral trade negotiations related to safeguard clauses, where little progress had been made despite the undertaking given by developed countries to reach rapid agreement. The absence of any agreement, viewed in the context of growing protectionism in the West, had been hampering considerably the conduct of the multilateral trade negotiations as a whole.

77. Other questions to which developing countries attached particular importance were the effectiveness with which GATT might be able to handle the problem of the liberalization of international trade in agriculture, its capacity to promote the adoption of positive policies of structural adjustment, and measures to expand world trade, in particular the trade of the developing countries and work on the liberalization of trade, which was currently being considered in the GATT Committee on Trade and Development.

78. A question of outstanding importance for several of the countries members of UNCTAD was progress in the implementation of specific action related to the particular needs and problems of island developing countries (agenda item 9). A specific programme of action in favour of these countries had been adopted at Nairobi in resolution 98 (IV), and at Manila in resolution 111 (V). The General Assembly had on several occasions noted with concern the half-hearted initiatives so far taken to implement the specific actions envisaged in those resolutions. At its 83rd plenary meeting, the General Assembly, on 5 December 1980, had adopted by consensus resolution 35/61 in which, besides appealing to all States, international organizations and financial institutions to take urgent and effective steps to implement specific actions in favour of developing island countries, it invited the competent organizations of the United Nations system to take further measures as necessary to enhance their capacity to respond positively to the specific needs of developing island countries during the Third United Nations Development Decade.

79. In paragraph 4 of that resolution, the General Assembly had decided to undertake at its thirty-seventh session a comprehensive review of the implementation of the measures taken by the international community in favour of those countries. The Group of 77 considered that no reliable information was available as yet concerning the implementation of such measures. A few studies existed, but it had not been possible for them to be examined in an appropriate forum by the countries concerned. For that reason, a group of experts from island developing countries should be given

an opportunity to meet and consider, on the basis of the studies submitted, the future action to be taken on those countries' increasingly difficult problems and on the formulation of an appropriate programme.

80. Generally speaking, a priority item of great urgency was that relating to the least developed countries. In his opening statement the Secretary-General of UNCTAD had referred in vivid language to the serious economic situation of those countries, pointing out that per capita income in some of them would fall in absolute terms in the next few years, with disastrous consequences for the majority of the population. He had also welcomed with satisfaction the great importance which the international community was according to the problems of those countries and expressed confidence that the forthcoming United Nations Conference on those countries would make an important contribution towards more effective international action to assist them. The Group of 77 fully endorsed and supported the Secretary-General's observations.

81. In conclusion, he referred to economic co-operation among developing countries, stating that it was the developing countries' conviction that their economic and social development was fundamentally their own responsibility, as had so eloquently been expressed in the Arusha Programme for Collective Self-Reliance. ^{12/} Such co-operation, as the Secretary-General of UNCTAD had aptly pointed out in his statement, was one of the key factors in the efforts of the international community to bring about world economic recovery. He was accordingly pleased to inform the Board that:

(a) The first stage of the first short medium-term action plan of the Arusha Programme, i.e., relating to the three priorities referred to in the Programme, was being faithfully implemented and tariff negotiations would open shortly among the countries members of the Group of 77 in connection with the global system of trade preferences.

(b) In accordance with the decisions adopted at New York by the Group of 77 at the ministerial level, a conference on economic co-operation among developing countries would be held at ministerial level at Caracas, Venezuela, in May 1981, with the object of extending the scope of such co-operation to new areas of trade and commodities, and promoting co-operation in relation to financing, energy, food, industrialization and technology. The guidelines and terms of reference for the preparatory work for this conference augured well for results similar to those achieved in favour of the developing countries at the historic Ministerial Meeting of the Group of 77 at Arusha.

82. The representative of China observed that the world economy had been rather sluggish at the advent of the 1980s. The major developed countries were bogged down in an economic crisis, with rates of inflation and of unemployment continuing to rise, money markets in a state of flux and disequilibria in their balance-of-payments. "Stagflation" in those economies was adversely affecting the trade and economic development of the developing countries, whose terms of trade were further deteriorating. The purchasing power of their exports was declining and their current-account deficits had increased to staggering levels, with mounting external indebtedness. These economic difficulties had found their worst expression in the least developed countries, where the population led a harsh existence. The economic gap between the rich and poor countries was steadily widening, a state of affairs that could not but cause serious concern to the international community.

83. He noted that there were many deep-rooted causes of the disorder and deterioration in the world economy, but that the most important was the existing inequitable and unreasonable structure of international economic relations. Not only had they hindered the process of economic development of the developing countries but also they had produced unfavourable impacts on the normal development of the world economy and trade. Experience showed that the transformation of the

^{12/} Proceedings of the United Nations Conference on Trade and Development Fifth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.79.II.D.14), annex VI.

existing international economic order was an objective necessity and a matter of extreme urgency. Nevertheless, although a number of the developed countries were maintaining a dialogue with the developing countries, there were still a few bent on preserving the old international economic relations, with some having repeatedly declared that they would refuse to undertake any commitments. As a result, rapid solutions had not been found to many international economic issues. His delegation felt that UNCTAD should take practical and effective action to tackle the problems in international economic relations and that all countries, developed and developing, should contribute constructively to the promotion of the global negotiations.

84. He added that the world economic situation was closely linked with the world political situation and that tension and turbulence would inevitably adversely affect the development of the world economy. The developing countries needed a peaceful and tranquil international environment, as did the world economy. In the course of the transformation of the existing unreasonable international economic relations, it would also be necessary to oppose aggression, expansion, sabotage, control and occupation by hegemonism.

85. He noted that protectionism in international trade was widespread and that many restrictive measures were directly affecting the export of manufactured goods and certain agricultural products. Many of those measures were directed at the developing countries, seriously hindering their export trade and industrialization. Those countries had requested the developed countries to reduce tariff and non-tariff barriers and liberalize markets. In accordance with Conference resolution 131 (V), the Group of 77 had requested that action be taken to prepare a time-bound programme for phasing out all barriers to trade affecting imports from developing countries and to prepare programmes of action for structural adjustment in specific sectors and to monitor and evaluate the action taken in this regard. No progress had been made at the last session of the Board in this respect; efforts needed to be made continuously during the current session in order to reach agreement as soon as possible.

86. Notwithstanding the conclusion of the Agreement Establishing the Common Fund for Commodities, the Convention on International Multimodal Transport of Goods and the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices, very limited achievements with respect to the establishment of a new international economic order had been made. The progress in negotiations on individual commodities had been slow and no agreements had been reached on the reform of the international monetary system or on an international code of conduct on the transfer of technology. He hoped that the forthcoming session of the United Nations conference on the code would be able to complete the work on its formulation.

87. China supported efforts to strengthen the mandate of UNCTAD and to rationalize its permanent machinery so that it could play an even more important role in the establishment of a new international economic order.

88. He noted that China was a developing socialist country at a relatively early stage of economic development and which belonged to the third world. Its economy was in the process of adjustment, with the pace of development being set on the basis of harmonious proportions among the various sectors. His country would continue

to adhere to the policy of relying mainly on its own efforts, supplemented by external aid, and would develop its foreign trade and its economic and technical co-operation on a broad front. That was a basic policy and not a measure of expediency. The implementation of the policy of "readjustment, restructuring, consolidation and improvement" would ensure that the economy of his country would sustain a continuous and steady development.

89. The spokesman for Group D, speaking at the 549th meeting, on 17 March 1981, observed that many of the problems characteristic of the state of world trade and of the capitalist economy as a whole had already been touched upon from various points of view during discussions at the current session of the Board. In any assessment of the present economic situation in the capitalist world, he said it must first of all be stated that the industrially developed capitalist States remained the epicentre from which economic tremors spread over the entire world. Trends since UNCTAD V indicated a new cyclical production crisis, a continuing frenzy of inflation, a considerable increase in unemployment, a noticeable reduction in growth of their foreign trade, and suchlike.

90. The intensification of such negative phenomena in the industrially developed capitalist countries was having an extremely adverse effect upon the economies of the developing countries, as well as of other countries. Such circumstances were placing considerable difficulties in the way of the developing countries' efforts to build up their national economies and of their chances in the struggle to raise the living standards of their peoples. In trying to find a way out of the labyrinth of economic difficulty, the industrially developed capitalist countries were following only their self-interest, without regard to - and even to the detriment of - the economic interests of other countries. This destabilized the development of international economic co-operation and caused harm to much of what had already been achieved in that field. The arms race unleashed by aggressive forces, which was deflecting colossal financial and material resources from the cause of fruitful co-operation among all States in solving the peaceful, constructive tasks facing all countries and the whole of mankind, was also inflicting immense damage upon the development of international economic co-operation.

91. Group D had decided to draw the Board's attention once more, however briefly, to this situation, in order to demonstrate yet again, first, how acute the problems of development of international economic co-operation with which UNCTAD was called upon to deal had become under present conditions and, secondly, to demonstrate how urgent was the need for a further enhancement of UNCTAD's role in contributing towards the solution of these problems. Group D wished in particular to draw attention to the problem of protectionism. The members of his Group had already repeatedly expressed their views on that highly important question. They had no wish to repeat the statements made and the judgements expressed by their representatives at Manila and at the last session of the Board. Most participants at the current session were well aware of Group D's opposition to all forms, types and methods of protectionist measures in use. Unfortunately, protectionist measures had been increasingly intensified over the past years and were assuming new forms and reflecting new methods, which impeded the normal development of international trade and ran counter to the interests of other countries, especially developing countries.

92. Among the protectionist measures there were many which clearly violated or circumvented treaty obligations and norms. It was impossible to disagree with the statement in one of the documents submitted by the UNCTAD secretariat for the ninth session of the Committee on Manufactures that limitations imposed today by a number of developed market-economy countries on imports from developing countries, as well as from socialist countries, would have a negative effect tomorrow on their exports to the very countries against which the limitations were applied.

93. The countries of Group D were strongly in favour of enhancing the role of UNCTAD in the struggle against the spread of protectionism. They favoured increasing the effectiveness of UNCTAD as the most representative international trade organization in that field. Moreover, the specific measures taken by UNCTAD in the struggle against protectionism must embrace all international trade flows. Further, it must be borne in mind that matters of protectionism should be considered within the appropriate organizational framework in UNCTAD at least once a year. In addition, Group D wished to reiterate that, on the strength of resolutions and decisions already adopted within UNCTAD, the problems resulting from the application of protectionist measures should be included in the agendas of the appropriate UNCTAD committees.

94. He added that the deepening crisis of the capitalist economy and the resulting economic and political activities of the industrially developed capitalist countries were having a particularly negative effect on the financial position of the majority of the developing countries, particularly by increasing their external indebtedness, which was one of the most serious current problems requiring rapid solution. The growth of external indebtedness was slowing down their further development, as had been rightly emphasized in the statements by the Secretary-General of UNCTAD and the spokesman for the Group of 77. The approach of the countries of Group D to this question was well known. It was determined by the position which they had adopted at the Board's ninth special session. Group D wished to emphasize once more that the question of the developing countries' indebtedness could be solved in the long term only by restructuring international economic relations on a just and democratic basis and only through the decisive elimination of the sequels of colonialism and neo-colonialism.

95. The socialist countries' financial co-operation with developing countries, was founded on a quite different basis from that of the relations between the developed capitalist countries and the developing countries. The socialist countries' economic and technical assistance to developing States - as was recognized by many countries and as had also been confirmed in the statement by the Group of 77 - was given with a view to ensuring the growth of their production potential, the better utilization of their natural resources and the establishment of the necessary infrastructure. The repayment of loans was generally effected, where this met the interests of both parties, through deliveries of traditional export goods and of the output of enterprises constructed with the help of the socialist countries.

96. Economic and technical co-operation between the socialist and the developing countries was based on intergovernmental treaties and agreements. This offered possibilities of always finding mutually advantageous methods of providing and repaying loans, taking into account the specific conditions of the developing country concerned. It was on the basis of these conditions that the socialist countries intended to pursue co-operation in this field.

97. As to the rationalization of the permanent machinery of UNCTAD, the socialist countries had always stood for the enhancement of UNCTAD's role in accordance with General Assembly resolution 1995 (XIX). The countries of Group D had repeatedly stressed their interest in UNCTAD's exercising a growing positive effect on the development of equal and mutually advantageous trade and economic relations among all countries, irrespective of differences in their social and economic systems. They therefore attached great importance to the achievement of genuine progress and concrete results in work on the rationalization of UNCTAD's activities. In this spirit, Group D had taken an active part in the drafting of an agreed draft resolution. At the twenty-first session of the Board they had been ready to associate themselves with the general consensus on the text submitted by the Chairman of the Sessional Working Group, although they had had a number of observations to make concerning several paragraphs of it.

98. Group D believed it necessary and possible to complete the work on rationalization at the current session on the basis of the work already done and of texts already available. All measures in this sphere should be aimed at ensuring the effective and complete fulfilment of UNCTAD's mandate in accordance with General Assembly resolution 1995 (XIX). Rationalization should also be aimed at achieving the most efficient utilization of the resources available to UNCTAD. It should not diverge from the basic principle of universality, and this should be reflected in the structure of the secretariat, in the documentation prepared by it and in the directions taken by the organization's work. In the same connection, emphasis should be placed once more on the importance of the contribution being made by all groups of countries towards further progress in one of the priority directions of UNCTAD's work - namely, that of trade between countries with different social and economic systems. The rationalization of the permanent machinery of UNCTAD should contribute towards enhancing the organization's role and to restructuring international economic relations on a democratic and just basis.

99. Group D wished to emphasize certain aspects of the development of the national economies of CMEA member countries. The last five-year period had been for those countries a period of further deepening of socialist economic integration. Many important integration projects had already come into operation. Long-term special-purpose programmes adopted in order to assist in solving the most acute and vitally important problems of the socialist countries' national economies were being put into practice. Processes of specialization and co-operation had undergone further development. Today it was impossible to imagine the confident development of each socialist country and the successful solution of their economic problems in the absence of links with the other fraternal countries. At the same time, they had no intention of hushing up the fact that certain problems and difficulties did arise in their countries' development. The past few years had not been the most favourable for the national economies of a number of socialist countries. External factors, too, had added to the difficulty of solving their peoples' problems. Among these were the deterioration of the world economic situation, the abrupt price fluctuations and the arms race, imposed by aggressive forces, which placed a considerable burden on the socialist countries as well.

100. The socialist countries intended to do a great deal in the sphere of economic and social development in the course of fulfilling the national economic plans for the years 1981-1985. Those plans were plans of peaceful construction. In expanding and deepening mutual economic assistance, the CMEA member countries had always stood - and would continue to stand - for the development of equal, mutually advantageous co-operation with all countries which displayed an interest in such co-operation. Guided by these considerations, they would make their constructive contribution towards assisting the solution of the tasks facing UNCTAD.

B. Other statements

101. The representative of the USSR stated that his country's views on the present world trade and economic situation were based on a comprehensive assessment of world-wide development given at the recently concluded 26th Congress of the Communist Party of the Soviet Union. His country's approach was based on the principles and conclusions enunciated at the Congress in the report of the Central Committee of the Communist Party, presented by Mr. Brezhnev, General Secretary of the Central Committee.

102. He noted that the current session of the Board was being held at an unusually unsettled period, with the protagonists of the "cold war" conducting a massive campaign to discredit and undermine détente and trying to revive power politics. Such actions inevitably affected the development of international economic co-operation.

103. Assessing the world trade and economic situation, he said that since 1979 there had been a marked intensification of the many negative trends in the capitalist world. The contemporary capitalist reality confirmed the evaluation and conclusions presented by the socialist countries at UNCTAD V in their joint statement (TD/249). ^{13/} He noted that the economies of the capitalist countries were characterized by the recurring cyclical crises aggravated by structural crises relating to, inter alia, energy and raw materials crises. Inflation was being fed by an unprecedented growth in military expenditures, while at the same time unemployment had grown considerably. There was also a deepening crisis in the capitalist international monetary system. In these circumstances many countries were attempting to solve their marketing problems at the expense of their trading partners. New contradictions had thus been introduced into the highly complex situation of conflict already existing in economic relations among capitalist countries. In this regard his delegation endorsed the analysis of the world economy made by the Secretary-General of UNCTAD in his opening statement.

104. He further noted that the economic crisis was affecting adversely the economic situation of the developing countries and also other countries. The socialist countries were no exception, and in particular the economy of his country had been complicated by external factors, including the deterioration of the world economic situation and sharp fluctuations in prices. Further, the slowing down of the process of détente, accompanied by the arms race imposed by the forces of aggression, placed a heavy burden on his country. All that underlined the importance of the problems of international trade, economic co-operation and development that were being dealt with in UNCTAD.

105. Among the more alarming trends in international trade he singled out the intensified protectionism of many developed market-economy countries as being one of the global trade policy problems of the time. In their joint statement at UNCTAD V (TD/257) ^{14/} the socialist countries had presented their position on this subject, in which they had stressed the responsibility of the developed market-economy countries for that process and its negative effects upon international trade flows and the restructuring of international economic relations on a democratic and just basis. The statement included proposals for the application, on a broad international basis, of agreed measures against the spread of protectionism, some of which had been taken into account in Conference resolution 131 (V). He felt obliged to note, however, that in the period since the adoption of that resolution efforts to limit protectionist trends had proved far from successful.

^{13/} Ibid., annex VII, sect. A.

^{14/} Ibid., sect. B.

106. Despite the developed market-economy countries' commitments to slacken competition and to restrict the growth of protectionism, these unfavourable trends had developed considerably further. He noted that various protectionist measures were being extended to an increasing number of goods and were becoming more and more varied, with many of a discriminatory nature. Moreover, attempts were being made to apply policies of economic aggression and boycott and to use trade and economic links as a means of exerting pressure on other countries. In this connection he noted that, judging by forecasts made in the West, the world might shortly be faced with a further intensification of protectionist trends. As a result, the advances achieved earlier in the struggle for the establishment of a new international economic order and the restructuring of international economic relations on the basis of democratic and just principles were losing their value.

107. He added that while his country attached great importance to UNCTAD's efforts in this area, the recent strengthening of protectionist trends required fresh initiatives from UNCTAD, as the most representative international trade organization. In this connection, he considered that the report, submitted in document TD/B/839 and apparently prepared in accordance with Conference resolution 131 (V), did not meet the requirements of that resolution, either as regards problems relating to protectionism or as regards problems of restructuring. Deeper, more meticulous research, including the preparation of a detailed inventory of the expanding arsenal of protectionist measures, was required. Such work could be undertaken in close conjunction with work on restructuring and on measures aimed at the establishment of stricter control over the activities of transnational corporations. He emphasized that the success of UNCTAD's efforts in the struggle against the spread of protectionist measures in certain market-economy countries could be assured only if it was conducted in all interrelated world trade flows and in the interests of all the principal groups of countries.

108. In the same connection he stated that it was not clear what contribution towards the encouragement of international trade would be made by the application of the agreements reached in the Tokyo Round of multilateral trade negotiations. Moreover, he feared that that "contribution" might be negative in a number of cases were not devoid of foundation and underlined the need to keep on the Board's agenda the question of the application of the results of the multilateral trade negotiations.

109. He noted that many views had been expressed concerning the economic problems with which the world was confronted. While many of those views called for serious reflection, his country's views of the future were based on scientific optimism derived from its historic achievements and the working successes of its people. The tenth five-year development plan of the USSR had just been successfully completed, with fresh successes achieved in establishing the material and technological foundations of communism and in increasing the well-being of the people. Nevertheless, he did not wish to conceal that his country had not managed to achieve all targets set; some difficulties existed, including the negative role of certain external factors. Examining the trade performance of his country over the tenth five-year plan, he noted that the foreign trade turnover rose by a factor of more than 1.8, to 94.1 billion roubles, a substantial overfulfilment of the plan. The period of the plan had been marked by a considerable intensification of socialist economic integration of the CMEA member countries and by a doubling of the volume of goods turnover with developing countries. This trade amounted to 20.7 billion roubles in 1980, as against 10.7 billion roubles in 1975.

110. His country consistently supported the struggle of the peoples of the developing countries to eliminate the consequences of colonialism and was developing extensive economic, scientific and technical co-operation of mutual benefit. In providing assistance to many developing countries his country had consistently defended the sovereign right of their peoples to dispose of their own natural resources for their economic and social development. The planned development of the socialist countries' economies and the radically different foundations on which their foreign trade links were constructed were having a beneficial stabilizing effect upon the economies of the developing countries and on the world economy as a whole.

111. In accordance with the Leninist principle of the peaceful coexistence of States with different social systems and the consolidation of international détente, his country had also expanded its trade, economic, scientific and technical links with interested developed capitalist countries, resulting in a trade turnover of 31.6 billion roubles in 1980 as against 15.8 billion roubles in 1975. That increase had been due not only to the efforts of his country but also to the constructive approach to matters of international economic co-operation on the part of a number of capitalist States. The volume of this trade could have been much larger, but attempts by certain forces in the West to apply economic sanctions for political reasons had been recently intensified.

112. He further stated that the sacrifice of trade, economic, scientific and technical co-operation with the socialist countries for dubious political ends by certain forces in the West necessarily would be detrimental to the cause of international economic co-operation. In these circumstances, a special responsibility rested upon UNCTAD actively to oppose attempts to reverse the development of trade and economic co-operation among countries with different social and economic systems. In that connection, his country attached great significance to the Working Party on the Medium-term Plan and the Programme Budget and hoped that at its forthcoming third session the resources to be allocated to the so-called priority areas would be correctly defined and reflect the fact that matters of trade and economic co-operation between countries with different social and economic systems should occupy an important place among UNCTAD's programme priorities.

113. He reiterated that his country was in favour of strengthening UNCTAD's authority, its universality and the increased efficiency of its work and supported the early completion of the work on rationalization of the permanent machinery.

114. For the future he noted that the 26th Congress of the Communist Party of the Soviet Union had just adopted a new plan of peaceful construction, "Basic directions of economic and social development of the USSR for 1981-1985 and for the period up to 1990". The plan envisaged the attainment of considerably higher quantitative and qualitative indicators, such as provision for a growth of national income by 18 to 20 per cent, that of industrial production by 26 to 28 per cent and that of agricultural production by 12 to 14 per cent. The new programme of economic and social development opened up new possibilities for the further development of mutually advantageous economic co-operation with foreign countries and for the still deeper integration of its national economy in the international division of labour. This represented a clear reflection in international economic relations of his country's central policy of the maintenance of peace and the deepening of détente and mutual understanding among peoples.

115. During the period of the forthcoming five-year plan his country would take an active part in the further intensification of the socialist economic integration of CMEA member countries. It would develop mutually beneficial exchanges of goods and economic, scientific, technical and other links with developing countries, granting them economic and technical assistance conducive to the strengthening of their economic and political independence. It would establish stable mutually advantageous trade, economic, scientific and technical links with those developed capitalist countries interested in co-operation. An essential condition largely determining the prospects of trade and economic links with the West would be the elimination of discrimination and of artificial barriers and the renunciation of the use of economic relations for unseemly political ends alien to the interests of equitable international co-operation.

116. His country would continue to participate actively in the solution of international problems in the fields of raw materials, fuel, power, food, environmental protection, the peaceful uses of outer space, the utilization of the resources of the sea-bed, and in the restructuring of international economic relations on a just and equal basis. As the General Secretary of the Central Committee of the Communist Party of the Soviet Union had said at the Party's 26th Congress, much could and should be done to restructure international economic relations on a democratic basis, on principles of equality, but the problem could not be reduced simply to one of differences between the "rich North" and the "poor South". The absence of noticeable progress in the establishment of a new international economic order could be explained mainly by the unwillingness of the imperialist Powers to renounce their privileged position in the world capitalist economic system and by their desire to keep the developing countries in a state of dependency. That also explained the lack of progress in initiating the global negotiations within the framework of the United Nations. His country supported in principle that proposal, which reflected the developing countries' justified dissatisfaction with the progress of negotiations already under way.

117. Referring to agenda item 4, on the interdependence of problems of trade, development finance and the international monetary system, he stressed the global, fundamental basis of interdependence in that the successful solution of these interrelated problems was closely linked with the struggle for the strengthening of peace and the cessation of the arms race. As had been emphasized at the 26th Congress of the Communist Party of the Soviet Union, that struggle had always been and remained a pivot of the foreign policy of his country.

118. The representative of Czechoslovakia stated that the situation in world trade and the international economic environment continued to be a difficult one. The economies of the capitalist world were in a continuing state of crisis which leading economists considered would endure. The crisis was having an especially severe impact on non-oil-exporting developing countries, particularly with respect to their balances of payments. Those countries' export earnings had been subject to severe fluctuations which damaged their development prospects and aggravated their external debt problems.

119. He noted that the activities of transnational corporations constituted an important factor in the destabilization of world trade. The complete control which those corporations enjoyed over certain sectors imposed particular forms of specialization on developing countries which were not in their national interests and in certain cases threatened their sovereignty.

120. He added that the crisis of the capitalist world, dating from the early 1970s, had provoked protectionist measures by capitalist countries to the detriment of both developing and socialist countries. The application of these measures discriminated against certain developing economies and the socialist economies and shackled international trade. His country, like other socialist countries, participated in international trade, but in spite of the successful integration of the socialist countries the capitalist economic crisis had partially affected them. The socialist economic system could not be considered a source of disequilibrium in the world economy and his delegation could not subscribe to the theory of common responsibility for the present crisis.

121. With regard to protectionism, he noted that his country was subjected to complicated procedures and licensing arrangements which created difficulties for exporters, and cited a number of examples which in his view amounted to non-tariff barriers to trade. UNCTAD had to find solutions to the grave problem of protectionism as practised by the western countries. For their part, the socialist countries would contribute to the search for a solution, as they had already done at UNCTAD V in the draft resolution they had submitted.

122. The representative of the German Democratic Republic drew attention to the unfavourable effects of the current international situation on the conditions for a further extension of international economic co-operation. Events since the last session of the Board had confirmed the analysis and assessment made at UNCTAD V by the socialist countries in their joint statement (TD/249), 15/ as well as by the spokesman for Group D at the last session of the Board and at the present session. In the 1970s the world capitalist economy had been marked by a deep and enduring crisis, which had worsened further in recent months. His delegation endorsed in this respect the analysis of the world economy made by the Secretary-General of UNCTAD in his opening statement.

123. Noting that the Secretary-General of UNCTAD intended to submit annually "a relatively more comprehensive trade and development report", he said it was his understanding that this would be done in accordance with Board decision 144 (XVI). He emphasized that the report must not lead to any duplication of discussion in the Economic and Social Council of the world economic situation on the basis of the World Economic Survey, drawing particular attention to paragraph 18 of General Assembly resolution 1995 (XIX). He stressed that the Board was the appropriate forum for an evaluation of the most important trends in international trade and of related issues.

124. He pointed to the declining economic growth rates, rising unemployment, falling production, decaying monetary system, chronic inflation and increasing protectionism which characterized the world capitalist economy at the beginning of the 1980s. Other delegations had also referred to the need to tackle the problem of inflation, but no measures taken by the Governments of market-economy countries had so far proved effective. His Government had hoped that the Secretary-General of UNCTAD would have been able, in accordance with General Assembly resolution 34/197, to submit to the present session a report on the negative effects of inflation on

15/ Ibid., annex I, sect. A.

international economic relations, including proposals to combat it. He reiterated the view of his country that the arms race was one of the main reasons for continuing inflation. He also pointed to the attempts of some developed market-economy countries to shift the effects of the crisis on to other countries, in particular developing ones. That was a particularly serious matter because the position of the developing countries within the capitalist system's international division of labour was still characterized by lack of equality and other disadvantages. In consequence, the current economic crisis had made it difficult for those countries to sustain satisfactory rates of growth and had resulted for them in currency instability, sharp decreases in export earnings and rising expenditure on imports, and a substantial increase in foreign indebtedness, which threatened the attainment of their fundamental development goals.

125. He emphasized that the protectionism being pursued by a number of developed market-economy countries was increasingly obstructing international trade flows and drew particular attention to the safeguard clauses and anti-dumping procedures in the main developed market-economy countries, especially those of Western Europe. The frequency of protectionist measures was growing and at the same time in many cases their discriminatory character was being accentuated. His country supported the developing countries in their efforts to eliminate discrimination and protectionism in the interest of all the countries concerned and considered that the establishment of effective control over the activities of transnational corporations should play an important part in these efforts. His Government, in accordance with the statement by the spokesman for Group D at the twenty-first session of the Board, wanted more attention to be given in UNCTAD to questions of commercial policy, to the fight against discrimination and protectionism, and to the examination of the impact of the activities of transnational corporations on international trade and on individual countries.

126. He referred to the statement by the Minister of Foreign Affairs of his country at the eleventh special session of the General Assembly, on 4 September 1980 (A/S-11/PV.1) concerning the need for a democratic restructuring of international economic relations and for the liquidation on a world-wide basis of force, diktat, inequality and discrimination, goals whose achievement depended on arms limitation and disarmament.

127. He emphasized that his country, as a socialist country, had always advocated the development of international economic relations on a just and democratic basis. Moreover, in its commercial and economic relations with developing countries it was guided by the democratic principles of sovereign equity, equal rights, mutual assistance and mutual advantage on which the justified demands for a new international economic order were based. In that way it was contributing to the implementation of General Assembly resolutions 3201 (S-VI) and 3202 (S-VI), containing the Declaration and the Programme of Action on the Establishment of a New International Economic Order, and of the provisions of the Charter of Economic Rights and Duties of States. 16/ That policy was founded on the successful over-all performance of his country's economy in 1980, when its foreign trade had increased 10 per cent, a trend which was expected to continue in 1981.

128. Commercial and economic relations with developing countries played an important role in the foreign economic policy of his Government. Increasingly diversified co-operation in economic matters, industry, science and technology were now supplementing traditional commodity trade. His country had concluded with developing countries about 150 agreements on scientific and technological co-operation, in addition to trade agreements, all of them based on the principles of equal rights, non-discrimination and mutual advantage. During recent years, it had been possible

16/ General Assembly resolution 3281 (XXIX).

for the exchange of goods with developing countries to be considerably increased on a balanced basis. The share of semi-manufactures and manufactures in his country's imports from developing countries had been increasing and now amounted to more than one third, and exports to developing countries had increased by 36 per cent in 1980. In its trade relations with Western countries his country was anxious to provide an increasingly broad basis for peaceful coexistence between countries having different economic and social systems. With this in mind it had concluded governmental agreements on trade and on economic, scientific and technological co-operation with almost all the developed market-economy countries. In the face of the increasing signs of crisis in the world capitalist market and of existing commercial barriers, his country had achieved a considerable growth in its foreign trade with market-economy countries in 1980.

129. He hoped that at the current session the Board would play its part in maintaining and enlarging peaceful economic co-operation, the importance of which was growing, since international trade was not only an instrument for economic development but also an essential means for promoting confidence among peoples and for strengthening international security.

130. The representative of the Council for Mutual Economic Assistance (CMEA) endorsed the remarks made by representatives of socialist countries on the seriousness of the world economic situation and concern over the future of the world economy and the restructuring of international economic relations on a just basis. He noted that 10 years ago, CMEA had adopted a comprehensive programme for strengthening and improving economic co-operation among member countries, which set guidelines for the system of international economic relations among them. The comprehensive programme was being implemented on the basis of sovereignty, national interests, non-interference, equality and mutual assistance.

131. One of the most important results had been to reduce differences in levels of development among socialist countries of Eastern Europe. Creation of a modern industrial basis was being speeded up in Cuba and Mongolia and an important programme of economic reconstruction and development was being implemented in Viet Nam.

132. National income, industrial production and foreign trade turnover in CMEA countries continued to progress at a high rate. An important development in co-operation was a co-ordinated plan of multilateral arrangements of CMEA countries for the period 1976-1980, adopted in 1975. A similar plan had been drawn up for 1981-1985. In implementing their comprehensive programme, the CMEA countries paid much attention to co-operation in the sphere of fuel and energy. Creation of the pipeline "Soyuz" was an example of socialist economic integration, which confirmed the justification of large-scale construction programmes. The pipeline of some 2,750 kilometres had been constructed with the participation of all the socialist countries of Eastern Europe and benefited them all. He added that the integration of the CMEA economies was an important factor in stimulating expansion of the co-operation of the member countries with other countries. The CMEA countries had given a practical demonstration of their support of the just demands of developing countries in their struggle for restructuring international economic relations on an equitable and just basis and bringing about a new international economic order.

133. In accordance with the wishes of their partner developing countries, more than 70 per cent of resources allotted by the CMEA countries to economic and technical assistance was directed to the public sectors in those countries, including the industrial and energy sectors. Co-operation with developing States was based on a comprehensive approach to the problems of development with regard to specific conditions in each developing country.

134. As other speakers had noted, the CMEA countries, as well as developing countries, suffered from the effects of growing protectionism. The restructuring of international economic relations could only be effective if implemented on a comprehensive basis, covering also trade relations between East and West, which were an integral part of the mandate of UNCTAD. Moreover, the successful development of all countries and improvement of international economic relations could only be achieved under peaceful conditions of détente and the reduction of defence expenditures and cessation of the arms race.

CHAPTER II

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

(Agenda item 3)

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

(Agenda item 4)

135. Pursuant to the decision taken at its 544th meeting, on 27 September 1980, the Board had before it for further consideration and action, under agenda item 4, draft resolution TD/B/L.360 submitted by a group of developing countries at the first part of its fourteenth session.

136. In addition to the statements reported below, references to these two agenda items were made in general statements by regional groups and individual delegations (see chap. I above).

137. The representative of Yugoslavia said that the non-aligned countries had drawn attention to the grave problems of development confronting the world and that the critical character of the present situation was being increasingly recognized. The process of global development was being obstructed by the growing economic gap between developed and developing countries, and in this context he emphasized the importance of the recently adopted International Development Strategy for the Third United Nations Development Decade, the review and appraisal of the implementation of which he hoped would be one of the principal tasks of UNCTAD. The global negotiations, which had been promoted by the non-aligned and developing countries, and other efforts aimed at achieving the new international economic order could make an important contribution to solving the difficulties facing the world economy.

138. The representative of Jamaica, expressing agreement with the remarks by the spokesman for the Group of 77 (see paras. 46-81 above) and the representative of Yugoslavia, welcomed the constructive spirit in which the dialogue on these two agenda items was taking place. He emphasized the importance of the forthcoming "Trade and Development Report", which the Secretary-General of UNCTAD had indicated was in preparation, and hoped it would give rise to serious discussion on the subject matter of these items. He referred in this connection to Board decision 144 (XVI) and the provision therein for the Secretary-General of UNCTAD to keep problems of interdependence under continuous review, with the assistance of high-level experts appointed by Governments. He also drew attention to Conference resolution 90 (IV), section II, paragraph 2, regarding ministerial sessions of the Board. One such session could perhaps be held in 1982.

139. He added that his delegation awaited with some impatience the report on world inflation called for by the General Assembly in its resolution 34/197 which the Secretary-General of UNCTAD had said he would make available to the Board at its twenty-third session, since it was the developing countries which suffered most, in particular the least developed countries.

Action by the Board

140. At its 551st meeting, on 18 March 1981, the Board decided, upon the proposal of the President, to transmit agenda item 3 to its twenty-third session and accordingly to include it in the provisional agenda of that session.

141. At the same meeting, the Board decided to refer draft resolution TD/B/L.360 on the interdependence of problems of trade, development finance and the international monetary system to its twenty-third session for further consideration and appropriate action (see annex II below).

CHAPTER III

SPECIFIC MATTERS ARISING FROM THE RESOLUTIONS, RECOMMENDATIONS AND OTHER DECISIONS ADOPTED BY THE CONFERENCE AT ITS FIFTH SESSION REQUIRING ATTENTION OR ACTION BY THE BOARD AT ITS TWENTY-SECOND SESSION (Agenda item 2)

142. This item was referred to the Sessional Committee for consideration and report, except for Conference resolution 131 (V), which was referred to the Contact Group of the President.

A. Conference resolution 102 (V): Development aspects of the reverse transfer of technology

143. This subject was discussed in the Sessional Committee in conjunction with its consideration of agenda item 8 (d) (see chapter V, sect. D, below).

B. Conference resolution 103 (V): Restrictive business practices

Consideration in the Sessional Committee

144. The Chairman recalled that in its resolution 103 (V) the Conference had requested the United Nations Conference on Restrictive Business Practices to make recommendations through the General Assembly to the Trade and Development Board in respect of institutional aspects concerning future work on restrictive business practices within the framework of UNCTAD, bearing in mind the work done in this field elsewhere in the United Nations. The Conference on Restrictive Business Practices had approved the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices 17/ at its second session, in April 1980. The Set of Principles and Rules had been transmitted to the General Assembly for adoption as a resolution (resolution 35/63). In taking note of section G on "International institutional machinery", which contained recommendations regarding international institutional machinery and the functions it should perform, the General Assembly had requested the Board, at its twenty-second session, to establish an intergovernmental group of experts on restrictive business practices, operating within the framework of a committee of UNCTAD, to perform the functions designated in that section. Hence, the task before the Board was to determine the precise status of the group of experts and its membership, its functions having already been determined by the Conference on Restrictive Business Practices and approved by the General Assembly.

145. The spokesman for the Group of 77 stressed the great importance attached by his Group to the creation of the intergovernmental machinery on restrictive business practices. In this connection, he drew attention to the functions to be performed by the intergovernmental group, as set out in paragraph 3 of section G of the Set of Principles and Rules, and referred in particular to subparagraphs (a), (b), (f) and (g), which envisaged activities clearly going beyond the normal functions performed by subsidiary bodies in UNCTAD. For that reason, it was necessary that the intergovernmental group be independent of an existing committee and report directly to the Trade and Development Board. Moreover, subparagraph (g) requested the intergovernmental group of experts to submit reports on its work at least once a year.

17/ TD/RBP/CONF.10/Rev.1 (United Nations publication, Sales No. E.81.II.D.5).

That would not be possible if the group were a subsidiary of an existing Committee, since main committees of the Board met only twice between sessions of the Conference. He also drew attention to paragraph 4 of section G, which indicated that the intergovernmental group would have subsidiary organs. Consequently, it would not be appropriate for the intergovernmental group of experts to be a subsidiary organ itself.

146. The spokesman for Group B noted with satisfaction the adoption of the Set of Multilaterally Agreed Equitable Principles and Rules by the General Assembly. He expressed confidence that the operation of the Set of Principles and Rules, applicable to all States regardless of their economic systems, and to all enterprises, whether private or State-owned, would contribute to the improvement of international trade and economic development. In order to rationalize UNCTAD's machinery, and in view of the necessity to avoid creating new committees, his Group was convinced that the intergovernmental group of experts should operate within the framework of an existing committee. Having regard to the scope and nature of the functions which the intergovernmental group of experts was expected to perform, it would be most appropriate if the group were to operate as a subsidiary body of the Committee on Manufactures. In this connection he recalled that the work on the Set of Principles and Rules for the Control of Restrictive Business Practices had been successfully serviced by the Manufactures Division of UNCTAD, which had gained valuable experience in this field. He also stressed that regional groupings should be able to participate fully in the work of the proposed group of experts.

147. The spokesman for Group D stated that his Group believed that the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices could play an important part in the restructuring of international economic relations on an equitable and democratic basis and could remove all forms of discrimination, inequality, diktat and exploitation. At the same time, he confirmed all the statements and reservations made by his Group at the United Nations Conference on Restrictive Business Practices as well as at the thirty-fifth session of the General Assembly. He noted that the General Assembly had also decided to convene, in 1985, a United Nations Conference under the auspices of UNCTAD for the purpose of reviewing all aspects of the Set of Principles and Rules. As for the establishment of an intergovernmental group of experts on restrictive business practices in the period 1981-1983, he recalled the reservations made by Group D both at the Conference on Restrictive Business Practices and at the thirty-fifth session of the General Assembly, namely, that the convening of such a group should not entail additional financial implications and should make use of existing resources. Concerning the composition of the group of experts, Group D was of the opinion that participation should be confined to States members of UNCTAD.

148. A draft resolution on restrictive business practices was submitted by Mexico on behalf of the States members of the Group of 77 (TD/B(XXII)/SC/L.3).

149. At the closing meeting of the Sessional Committee, the Chairman introduced a draft resolution which she had submitted as a result of informal consultations (TD/B(XXII)/SC/L.7) and draft resolution TD/B(XXII)/SC/L.3 was withdrawn.

150. At the same meeting, the Sessional Committee recommended for adoption the draft resolution submitted by the Chairman.

151. The spokesman for Group B noted that it was his Group's understanding that the text did not exclude the participation of competent intergovernmental organizations in the work of the Intergovernmental Group of Experts on Restrictive Business Practices.

Consideration in plenary

Action by the Board

152. At its 552nd meeting, on 20 March 1981, the Board adopted the draft resolution recommended by the Sessional Committee (for the text, see annex I below, resolution 228 (XXII)).

C. Conference resolution 109 (V): Assistance to national liberation movements recognized by regional intergovernmental organizations: studies in the context of the International Development Strategy for the Third United Nations Development Decade

Consideration in the Sessional Committee

153. The representative of the Secretary-General of UNCTAD introduced the second progress report (TD/B/837) regarding two studies being prepared pursuant to Conference resolution 109 (V), one on assistance to the peoples of Namibia and South Africa and the other on assistance to the Palestinian people, in the context of the International Development Strategy for the Third United Nations Development Decade. He stated that the secretariat hoped to complete the two studies with a view to finalizing soon the report for submission to the Board at its twenty-third session.

154. The spokesman for the Group of 77 recalled that, at the twenty-first session of the Board, his Group had expressed concern that the progress report submitted by the Secretary-General of UNCTAD (TD/B/820) regarding the preparation of two studies indicated that only very little had been done and had urged that a more detailed and comprehensive report be submitted to the Board at its current session.

155. He congratulated the Secretary-General of UNCTAD for his very valuable second progress report (TD/B/837). The report, with particular reference to Namibia and South Africa, contained a succinct description of the scope of the studies under preparation and some of the tentative conclusions emerging. The Group of 77 believed that the thrust and main objectives of those studies were in the right direction. The report rightly drew attention to the fact the structural features of the economies of Namibia and South Africa were determined by the hideous system of apartheid that existed in those countries. Apartheid had continued to restrict the access of the peoples of those countries to economic and social opportunities and had consigned the majority of the peoples of Namibia and South Africa to the role of providers of a permanent supply of cheap labour for the racist Government and its machinery.

156. In order to redress the unjust and inequitable economic and social structures that exist in those countries, the racist Government of South Africa should withdraw its perverse administration in Namibia in accordance with Security Council resolution 435 (1978) of 29 September 1978. The illegal occupation of Namibia by the racist régime of South Africa had continued, despite the adoption of the Western Five's proposals for Namibia's transition to independence. The independence of Namibia continued to be delayed by the obstinacy of the racist South African Government.

157. All were witnesses to the latest obstructionist attitude of South Africa to Namibia's independence when the pre-implementation meeting on Namibia, held in Geneva in January 1981, had been frustrated by the intransigence of the racist South African delegation to the talks. South Africa had thus shown the world beyond doubt that it was still not prepared to allow the Namibian people freely to decide their fate through free and fair elections.

158. His Group was of the view that there was no alternative to strict imposition of effective economic and other sanctions against racist South Africa by all members of the international community. It therefore repeated its call on the international community, which gave the mandate for the territory of Namibia to South Africa, to discharge its moral responsibility to free Namibia from the suffocating stranglehold of South Africa by ensuring total cessation of economic, political and military contacts with South Africa.

159. He noted that paragraph 6 of the progress report (TD/B/837) stated "although the outcome of the present national liberation struggles in these countries is uncertain, it is assumed that the eventual political change will be in favour of the peoples of Namibia and South Africa ...". For the Group of 77 the outcome of the liberation struggles was quite clear. It was convinced that these struggles would lead to the early triumph of SWAPO and hence permit the people of Namibia to exercise full sovereignty over its natural resources. This victory would bring about the transition of the economy of Namibia from the present unjust system to one that guaranteed self-sustained social and economic development.

160. He noted with satisfaction that the UNCTAD secretariat had begun to implement Board decision 224 (XXI) in response to General Assembly resolution 34/42, which called for the formulation by various United Nations agencies and organs of specific programmes of assistance to colonial territories and peoples and their national liberation movements. He hoped that the secretariat would be able to finalize the studies on assistance to Namibia and South Africa and to the Palestinian people early in 1981, so as to enable the Board to take appropriate action at its twenty-third session.

161. The representative of China stated that his country had always supported the just struggle of the Palestinian people and that of the peoples of Namibia and South Africa. He further stated that his delegation supported the efforts of UNCTAD for assistance to the national liberation movements. In this context it noted the second progress report by the Secretary-General of UNCTAD. He hoped that the Secretary-General of UNCTAD would in his final report put forward effective proposals on assistance to national liberation movements in the context of the implementation of the International Development Strategy and that the final report would be submitted to the Board as soon as possible.

162. The spokesman for Group D noted with satisfaction the second progress report by the Secretary-General of UNCTAD. The two studies being prepared by the UNCTAD secretariat on the problems of rendering assistance to the peoples of Namibia and South Africa and the Palestinian people should be completed as soon as possible and in this context his Group shared the view expressed by the delegation of Nigeria at the previous session of the Board that the time had come to intensify the work on these studies on assistance to the peoples under colonial domination or foreign occupation. In the view of his Group, the work on the studies would be conducive to the full and prompt achievement of the objectives set by the General Assembly in

the Declaration on the Granting of Independence to Colonial Countries and Peoples. His Group also considered that it would be useful to consider the proposal made in the second progress report on the need to conduct a comprehensive social and economic survey of Namibia, which would be of considerable assistance to the peoples of that country when they attained independence. The countries of Group D wished to reaffirm their continued and consistent support to the struggle of the peoples of Namibia and South Africa and of the Palestinian people for their national and social liberation. Such assistance had found clear expression in the recent report of Mr. Brezhnev, Secretary-General of the Communist Party of the USSR to the 26th Congress of the Party, when he had stated in particular that the USSR would continue to adhere to its consistent policy towards co-operation with countries which had achieved independence and that the USSR would continue to strengthen the unity of world socialism and national liberation movements.

163. The representative of Israel firmly maintained his country's position as expressed at Manila, when his delegation had voted against resolution 109 (V), and as stated at previous sessions of the Board. Referring to part B of the progress report, he noted with regret the introduction of extraneous issues which did not lie within the competence of UNCTAD.

164. The representative of the United States of America recalled that her delegation had voted at Manila against resolution 109 (V). Her delegation did not support United Nations assistance directed to or for national liberation movements as, in its view, such assistance diverted United Nations aid from the refugees and peoples affected in the areas concerned and unnecessarily politicized the United Nations aid-giving system.

165. The spokesman for the Group of 77 stated that he could agree that the Board should take note of the progress report, provided that the hope that the secretariat would finalize its report and submit it to the Board for its consideration at its twenty-third session was also recorded.

166. The observer for SWAPO expressed appreciation to the secretariat for its efforts to assist the Namibian peoples and to the spokesman for the Group of 77 for his expression of good wishes. He also thanked China for its support and was particularly grateful for the assurances of support expressed by the spokesman for Group D. SWAPO believed that, in order to bring a just solution, maximum support had to be rendered by the international community to the peoples of Namibia and to SWAPO. In this context, he appreciated the assistance given by the international community in the field of manpower training and development.

Consideration in plenary

Action by the Board

167. At its 552nd meeting, on 20 March 1981, the Board, in taking note of the report of the Sessional Committee, took note of the second progress report by the Secretary-General of UNCTAD (TD/B/837) and expressed the hope that the UNCTAD secretariat would finalize its studies for submission to the Board at its twenty-third session.

168. At the same meeting, the Observer for the Palestine Liberation Organization (PLO) said that her organization was grateful to the UNCTAD secretariat for its efforts. The study in preparation should examine the economic and social conditions of the Palestinian people in the occupied territories and identify the main development problems and obstacles facing it. The progress report contained in document TD/B/837 showed that a positive step had been taken to implement Conference resolution 109 (V), and she hoped that a preliminary report would be available to the Board at its twenty-third session.

169. She referred to oppressive measures taken by the Zionist occupying authority which she said aimed at destroying the infrastructure of the Palestinian people. More territories were being annexed and the confiscation of Arab land was continuing. Furthermore, national resources - such as water - were being transferred from Arab areas to the settlements established illegally and the Palestinian labour force was being exploited through manipulation of the employment conditions. In general, Israel's use of the national resources of the occupied territories was only for the benefit of the Israeli economy. The Palestinian people under occupation were forced, in so far as they were willing and able to do so, to use Israeli channels for their own survival and were prevented from making any independent economic progress, with the result that much of the Palestinian labour force was obliged to seek employment elsewhere, either in Israel itself or in other Arab countries or further afield.

170. Her organization, which was the sole legitimate representative of the Palestinian people, responsible for all the Palestinians, knew the importance of social and economic development and recognized that as a liberation movement it should prepare for the period after liberation, in order to establish an independent Palestinian State. It continued to hope that the international community would strengthen its efforts in helping the Palestinian people.

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

Consideration in the Sessional Committee

171. The Chairman drew attention to the annotated provisional agenda (TD/B/832), in which the Board was advised that the preparation of the report on the effects of discriminatory and unfair civil aviation practices employed by the developed countries on the growth of air transport had been delayed due to the complexity of the issues involved, but that the report would be submitted to the Board at its twenty-third session.

172. The spokesman for the Group of 77 stated that his Group was greatly interested in air transport, which was very important to it, and urged the secretariat to submit the report to the Board at the latest at the twenty-third session.

173. The Sessional Committee took note of the foregoing statement and recommended that the Board should defer consideration of the item to its twenty-third session.

Consideration in plenary

Action by the Board

174. At its 552nd meeting, on 20 March 1981, the Board, in taking note of the report of the Sessional Committee, decided to defer consideration of this item to its twenty-third session.

E. Conference resolution 131 (V): Protectionism and structural adjustment

175. At its 546th meeting, the Board decided to refer this item to the Contact Group of the President. It had before it two draft resolutions annexed to the report on its twenty-first session for further consideration. 18/

176. References to this subject were made in the general statements by regional groups and individual delegations (see chap. I above).

177. At the 552nd meeting, on 20 March 1981, the President reported on the intensive consultations that had taken place within the Contact Group and introduced the draft resolution which he had submitted as a result of those consultations (TD/B/L.592). He drew attention to the statement of financial implications of the draft resolution (TD/B/L.592/Add.1 and Add.1/Corr.1).

Action by the Board

178. At the same meeting the Board, having noted the financial implications, 19/ adopted the draft resolution submitted by the President (for text, see annex I below, resolution 226 (XXII)).

F. Conference decision 132 (V): Multilateral trade negotiations

179. For its consideration of this item, the Board had before it a note by the UNCTAD secretariat on developments as of December 1980 in respect of the implementation of the results of the multilateral trade negotiations (MTN) (TD/B/838 and Corr.1). The note also referred to unresolved and outstanding issues of particular interest to developing countries and to technical assistance provided by UNCTAD.

Consideration in the Sessional Committee

180. The Chairman recalled that the Board, at its twentieth session, in March 1980, had decided to undertake and complete at its twenty-first session the global evaluation of the multilateral trade negotiations (MTN) in accordance with Conference decision 132 (V). The Board had also requested the competent Committees of the Board to examine, within their competence, developments in international trade arising from the implementation of the results of the MTN, in particular its impact on the trade of developing countries, taking into account the need to further the interests of those countries.

181. Subsequently, the Committee on Manufactures at its ninth session, in July 1980, had carried out the required examination of developments and reached an agreed set of conclusions. The Committee's report, 20/ together with a report by the

18/ TD/B(XXI)/SC.III/L.1 and Corr.1 and TD/B(XXI)/SC.III/L.3. For the printed text, see Official Records of the General Assembly, Thirty-fifth Session, Supplement No. 15 (A/35/15), vol. II, annex II.

19/ For the statement of financial implications, see annex III below, sect. A.

20/ Official Records of the Trade and Development Board, Twenty-first Session, Supplement No. 6 (TD/B/822), provisionally circulated as TD/B/C.2(IX)/Misc.3.

Secretary-General of UNCTAD on the multilateral trade negotiations, 21/ had been before the Board at its twenty-first session. In this context she recalled that the Board, in noting that it had not been possible to reach agreement in Sessional Committee I - one of the factors being a lack of time - had decided to deal further with the question of multilateral trade negotiations at its twenty-second session. 22/

182. Since the twenty-first session of the Board the issue of the multilateral trade negotiations had been discussed in the Committee on Commodities, at its ninth session. Chapter II of the Committee's report, 23/ contained an account of the Committee's examination of developments in international trade arising from the implementation of the results of the MTN.

183. The spokesman for the Group of 77 emphasized that the countries of his Group attached special importance to this issue. He said that a definitive evaluation of the MTN was not possible at the current stage since there were still a number of important issues unresolved and those on which agreement had been reached had not been fully implemented. In particular, it was essential that an agreement pertaining to a multilateral safeguard system be concluded as soon as possible, so as to lend greater transparency, objectivity, and better surveillance to the international trading system. He expressed his Group's anxiety regarding the slow speed of this part of the negotiations and emphasized the imperative need to proceed with political will in this area, so as to impart a new momentum to the process of trade liberalization in the post-MTN period.

184. He gave an illustrative list of other issues, such as quantitative restrictions, tropical products, agricultural products and advance implementation of tariff concessions, on which action was still required to complete the work undertaken. This situation left the developing countries dissatisfied with the over-all results of the MTN. Even in those areas where negotiations had been concluded, the implementation of their results should be reinforced, strengthened and expanded to meet the crucial concerns of developing countries.

185. In conclusion, he said that the Board should continue to follow closely the developments in the implementation of the results of the MTN and should maintain the item on the agenda for its next session. He recalled the specific suggestions in Board decision 214 (XX) requesting the Secretary-General of UNCTAD and UNDP to continue to assist developing countries in the consultations and negotiations on unresolved and outstanding issues of particular interest to them, taking care to avoid unnecessary duplication of work. He believed that such assistance should continue beyond the end of 1981.

186. The spokesman for Group D stated that his Group's position, as expressed at UNCTAD V and at subsequent sessions of the Board, remained valid. He stressed that the implementation of the agreements worked out at the MTN must be based on universality and must take into account the interests of all participants in international trade.

21/ TD/B/778 and Corr.1 and Add.1 and Add.1 (Summary) and Corr.1. To be issued as a United Nations publication (TD/B/778/Rev.1).

22/ See Official Records of the General Assembly, Thirty-fifth session, Supplement No. 15 (A/35/15), vol.II, paras. 249-274.

23/ Official Records of the Trade and Development Board, Twenty-second Session, Supplement No. 3 (TD/B/834), provisionally circulated as document TD/B/C.1(IX)/Misc.3.

187. Regarding future work on MTN issues within UNCTAD, he emphasized the need to implement paragraphs 2 and 4 of Board decision 214 (XX) and, in particular, that these issues should be examined by the competent Committees of the Board and that the Secretary-General of UNCTAD should prepare the relevant documentation. He noted also that the Board at its twenty-first session had not fulfilled its task of a global evaluation of the MTN, in accordance with paragraph 1 of decision 214 (XX). He recalled further that the Board had decided, at its twenty-first session, to deal with this question at the current session. In that connection, he regretted that the note by the UNCTAD secretariat (TD/B/838 and Corr.1) was not of an analytical character, which would allow a substantive approach to the issue. He also questioned whether the Board was in a position to make a full and final evaluation of the MTN in the near future since such an evaluation should not be limited to an examination of agreed texts, but should deal essentially with the impact of such agreements on international trade in the years to come. He further observed that it would be important to see how those agreements were implemented through national legislation in the countries which signed them. Furthermore, he saw a serious risk that the new protectionist measures which had been recently introduced could threaten the results already achieved. He also pointed out that a series of important questions had not yet been resolved within the framework of the MTN, such as safeguards, trade in agricultural products, trade in textiles, dispute settlement and so on. The outcome of negotiations on such issues would also be of considerable importance for UNCTAD.

188. He added that Group D had examined with great interest, at the twenty-first session of the Board, the draft resolution submitted by the Group of 77 (TD/B(XXI)/SC.I/L.3) and had found that, on the whole, it reflected the main issues outstanding in connection with the MTN and their implementation. His Group considered that this work had not been concluded and it should be continued on a regular basis, as had in fact been stated in paragraph 1 of the agreed conclusions of the Committee on Manufactures at its ninth session, where the Committee had agreed to examine developments in international trade arising from the implementation of the results of the MTN. He further emphasized that UNCTAD should not and did not have to put aside the examination of problems connected with the MTN. The Board would have to maintain all the above-mentioned questions on its agenda in the future and in particular at its twenty-third session, on the basis underlined by the Secretary-General of UNCTAD, namely, on the basis of universality and taking into account the interests of all groups of countries and all participants in international trade.

189. The representative of China stated that although his country had not taken part in the MTN it was concerned with the results of the negotiations. UNCTAD, as an organization dealing with international trade, should be actively involved in these issues, in accordance with the mandate given by Conference decision 132 (V). He noted that some parts of the negotiations had not yet been completed, in particular in the area of safeguards. He supported the proposal by the spokesman for the Group of 77 that the developments in the implementation of the results of the MTN should be included as an item on the agenda for the twenty-third session of the Board. He also agreed with the view that UNCTAD and UNDP should continue to assist developing countries in the consultations and negotiations on unresolved issues of particular interest to them.

190. At its 7th meeting, on 19 March 1981, the Sessional Committee recommended for adoption by the Board a draft resolution which the Chairman had submitted as a result of her informal consultations (TD/B(XXIII)/SC/L.4). The spokesman for Group B noted that, in accordance with Board decision 214 (XX), developments in international

trade arising from the implementation of the MTN had been examined in the competent Committees of the Board, namely the Committee on Manufactures and the Committee on Commodities. His Group therefore proposed that the Board's consideration of this subject as a separate agenda item should be concluded at its current session. At the same time, his Group wished to propose that further developments in international trade arising from the implementation of the results of the MTN, in particular their impact on the trade of developing countries and the need to further their interests, should continue to be discussed, as appropriate, in the course of the agreed programme of work of UNCTAD.

191. The spokesman for the Group of 77 recalled his previous statement on this subject, and in particular the point that his Group did not consider that the global evaluation of the results of the MTN had been completed at the level of the Board. In fact, the matter had not yet received the attention it deserved, in the sense that it should provide an opportunity for an integrated, across-the-board evaluation of the implementation of the results of the MTN and their impact on all parties. In this respect, he felt that the mandate given by Board decision 214 (XX) had not yet been fulfilled. He was not suggesting that the exercise, which was in its very nature time-bound, should be continued indefinitely, but so far the Board had reached no conclusions, even in the form of summary observations, on the MTN. Accordingly, the Group of 77 considered that this subject should remain on the agenda for the twenty-third session of the Board.

192. The spokesman for Group D, expressing support for the proposal made by the spokesman for the Group of 77, said that this subject should be kept open and be included in the agenda for the twenty-third session of the Board. It was essential to ensure the implementation of paragraphs 2 and 4 of Board decision 214 (XX). He felt that the Board had not made a global evaluation of the MTN or assessed the implementation of their results. It was important that the Board should not by-pass the problems related to the MTN.

193. The Chairman noted that, given the fact that the final report had not been submitted to the Board, two Groups had pressed for the inclusion of the item in the agenda of the next session of the Board so that a final evaluation could be made, whereas another Group had suggested that the question of its inclusion in the agenda for the next session should be discussed in plenary. She expressed the hope that the Groups could reach an agreement. It was for the Groups to decide whether to raise the matter in plenary or to take it that, in the preparation of the agenda of the next session of the Board, consultations would result in an agreement acceptable to all Groups, bearing in mind the views which had been expressed.

194. Following a brief procedural discussion, the Sessional Committee agreed that the question of the future treatment of this item should be the subject of further informal consultations.

Consideration in plenary

Action by the Board

195. At its 552nd meeting, on 20 March 1981, the Board adopted the draft decision recommended by the Sessional Committee (for the text, see annex I below, decision 229 (XXII)) and decided to consider further this item at its twenty-third session.

G. Matters remitted to the permanent machinery of UNCTAD: Draft resolution entitled "Transnational corporations and international commodity trade" (TD/L.195)

Consideration in the Sessional Committee

196. The Chairman recalled that this item had been remitted from the nineteenth, twentieth and twenty-first sessions of the Board.

197. The spokesman for Group D said that his Group wished to underline once more the special significance they attached to the problems in connection with the limitation and control of the activities of transnational corporations in developing countries in the field of production and trade of commodities. Their activities were one of the main obstacles to the restructuring of international economic relations and the stabilization of commodity markets. It was for that reason that Group D had put forward draft resolution TD/L.195 at UNCTAD V. The Group of 77 had noted that the ideas presented by the socialist countries in that draft resolution corresponded in principle with the aspirations of developing countries. As his Group had repeatedly stressed, the consideration of the activities of transnational corporations within the framework of UNCTAD's work on commodities would help to deepen and broaden identification of existing problems and to put in perspective the relevance of the decisions already adopted in this field.

198. He recalled that at the Board's twenty-first session the Legal Liaison Officer of UNCTAD had agreed that one of the possible procedures suggested with regard to draft resolution TD/L.195, namely, to remit it to the Committee on Commodities, was correct. This continued to be one of the elements of Group D's position. On the other hand, the Board might decide to keep this item on its agenda.

Consideration in plenary

Action by the Board

199. At its 552nd meeting, on 20 March 1981, the Board, acting on the recommendation of the Sessional Committee, decided to remit the consideration of the draft resolution entitled "Transnational corporations and international commodity trade" (TD/L.195) to its twenty-third session (see annex II below).

CHAPTER IV

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

(Agenda item 5)

200. For the consideration of this item the Board had before it documents TD/B/810/Add.2-3, containing the substance of replies received from Governments to a questionnaire from the Secretary-General of UNCTAD on implementation of section A of Board resolution 165 (S-IX) since issuance of documents TD/B/810 and Corr.1 and Add.1 which were before the Board at its twenty-first session, and a preliminary report by the Secretary-General of UNCTAD on implementation of that section of the resolution (TD/B/809 and Add.1).

201. In his opening statement at the 546th meeting and in the written supplement thereto (TD/B(XXII)/Misc.3), the Secretary-General reported on the consultations held with the President of the World Bank and the Managing Director of the International Monetary Fund, pursuant to Board resolution 222 (XXI), on possible effective procedures for responding to requests from developing countries for analyses of their economic situation.

202. In addition to the statements reported below, references to this agenda item were made in general statements by regional groups and individual delegations (see chap. I above).

203. The representative of Ethiopia stated that the external indebtedness of developing countries emanated from fluctuations in exchange rates and from rampant inflation, as well as from declining export earnings. The debt burden of his own country was acute because, among other reasons, of the increasing costs of transport and insurance, as well as of other inputs. He expressed appreciation for the measures taken by the Governments of Italy, Japan and Sweden in respect of his country's debts and added that his country was particularly grateful to the Government of Finland, which had cancelled all its ODA debt. He regretted the discriminatory measures taken by some countries of Group B against Ethiopia through failure to implement section A of Board resolution 165 (S-IX) and reiterated his Government's appeal to those countries to cancel the ODA debts of his country. He suggested that the Board keep under review the implementation of its resolutions 165 (S-IX) and 222 (XXI) and include the subject as a priority item on the agenda for its twenty-third session. He also considered that the Secretary-General of UNCTAD should be requested to submit to the Board at that session an assessment of measures taken by developed countries, together with his conclusions and recommendations for appropriate action.

204. The spokesman for the Group of 77 stated that debt problems of developing countries should be included in the agenda of the next session of the Board also, which implied that new reports should be submitted by the Secretary-General of UNCTAD, inter alia on the implementation of resolution 165 (S-IX), which had been implemented only partially. He noted that the least developed and most seriously affected countries had not obtained full relief through retroactive adjustment of terms or equivalent measures. Like Group B, the members of the Group of 77 had been satisfied that consensus had been reached on the adoption of Board resolutions 165 (S-IX) and 222 (XXI). He called upon the countries members of Group D, who had intimated that they had implemented the former resolution, to provide the UNCTAD secretariat with the appropriate information so that the Board could address itself to the review of its implementation by those countries. The Group of 77 stood ready to consult informally in any way with Group D countries to ensure that if there were any difficulties they could be satisfactorily resolved.

205. He noted that the bulk of the indebtedness of developing countries now related more to commercial debt than to ODA and that this trend was likely to continue, and expressed the hope that a solution to the external indebtedness of developing countries could be found soon, given the critical situation in which they found themselves.

206. The spokesman for Group B said that his Group had carefully studied the introductory statement by the Secretary-General of UNCTAD (TD/B(XXII)/Misc.4) and the portions of his supplementary statement (TD/B(XXII)/Misc.3) relating to the debt problems of developing countries. Group B countries shared the satisfaction of the Group of 77 at the passage of Board resolutions 165 (S-IX) and 222 (XXI). They recalled and reiterated their statement on accepting the latter resolution, in particular points (d), (e) and (f) thereof. ^{24/} They noted the preliminary analysis done by the UNCTAD secretariat concerning the implementation of resolution 165 (S-IX) and hoped that it would be able to complete the analysis, covering implementation by all industrialized donor countries, as part of its ongoing programme of work. They noted that that was also the view of the Group of 77.

207. Group B countries also noted with interest the report by the Secretary-General of UNCTAD on his discussion with IMF and the World Bank and expressed satisfaction that the invitation addressed by the Board in its resolution 222 (XXI) to the Executive Heads of the Bretton Woods institution, in consultation with the Secretary-General of UNCTAD, had laid the basis for informal co-operation in the exchange of information. By his report the Secretary-General of UNCTAD had responded to his obligations under paragraph 12 of that resolution.

Action by the Board

208. At its 551st meeting, on 18 March 1981, the Board decided to consider further this item at its twenty-third session.

^{24/} See Official Records of the General Assembly, Thirty-fifth Session, Supplement No. 15 (A/35/15), vol. II, para. 296.

CHAPTER V

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

(Agenda item 8)

209. This item was referred to the Sessional Committee for consideration and report.

A. Commodity trade

(Agenda item 8 (a))

1. Report of the Ad Hoc Intergovernmental Committee for the Integrated Programme for Commodities on its tenth session

Consideration in the Sessional Committee 25/

210. The Chairman of the Ad Hoc Intergovernmental Committee for the Integrated Programme for Commodities introduced the report of the Committee on its tenth session (TD/B/IPC/AC/35). The Sessional Committee took note of the report of the Committee and decided that the full text of the statement by the Chairman of the Ad Hoc Committee should be annexed to its report (see annex V below).

Consideration in plenary

Action by the Board

211. At its 552nd meeting, on 20 March 1981, the Board, in taking note of the report of the Sessional Committee, took note of the report of the Ad Hoc Intergovernmental Committee for the Integrated Programme for Commodities on its tenth session and endorsed the agreed conclusions of the Committee.

2. Report of the Committee on Commodities on its ninth session

Consideration in the Sessional Committee

212. Introducing the report of the Committee on Commodities, the Chairman of that Committee noted that this was the first report of the Committee to the Board since 1976. The Committee had not met since the third part of its eighth session, in December 1975, since when an overwhelming proportion of UNCTAD's activity in the field of commodities had been devoted to the Integrated Programme for Commodities - which had originally been conceived of as having a fixed time-frame and for which the Board, in accordance with Conference resolution 93 (IV), had created in October 1976 an Ad Hoc Intergovernmental Committee charged with the responsibility of monitoring the Programme's implementation.

213. At the fifth session of the Conference, it had been decided, in section IV of resolution 124 (V), that after the end of the Programme's existing time-bound frame, any further preparatory meetings and negotiations in fulfilment of Conference resolution 93 (IV) should become part of UNCTAD's regular programme of work in the field of commodities. Subsequently, the Board had decided to entrust the responsibility for further work under the Integrated Programme beyond this date to the Committee on Commodities.

25/ See also paras. 221-224 below.

214. Clearly, therefore, the reconvening of the Committee on Commodities, after an interval of almost five years, represented something in the nature of a fresh start for UNCTAD in the field of commodities. It would also be clear that the circumstances under which this fresh start had been made were far from auspicious. In this connection, he need only mention the prevailing economic climate, characterized by severe recession in the majority of countries and by rising protectionism in many areas of international trade, and the ineffectiveness, in many respects, of intergovernmental efforts to introduce more favourable conditions, whether in the field of trade barriers generally, through the multilateral trade negotiations, or indeed, in the commodities field itself, where the rate of progress in implementing the Integrated Programme had fallen short of the original expectations.

215. He observed that, despite unfavourable world economic circumstances, the Committee had made a satisfactory new beginning to its activities. The principal results of the session were embodied in resolution 18 (IX) of the Committee, which set out the course for its future activities relating both to negotiations on individual commodities and to other aspects of the Integrated Programme, which had received relatively little attention to date but for which a new focus and urgency had been provided at UNCTAD V by the adoption of Conference resolution 124 (V), section III.

216. As to the task of monitoring the preparatory work and negotiations on individual commodities, the Committee had decided to recommend that the Board make arrangements to convene a special session of the Committee in 1981, at which it should, inter alia, agree on appropriate measures to expedite the completion of the negotiations on individual commodities under the Integrated Programme. It had approved a provisional agenda for its special session, which provided for a review of progress in the implementation of the Integrated Programme and for consideration of a complementary facility for commodity-related shortfalls in export earnings, the object of Conference resolution 125 (V). He urged the Board to give favourable consideration to the Committee's recommendation.

217. The Committee had recommended that the Permanent Sub-Committee of the Committee on Commodities, long dormant, should be charged with undertaking certain specific functions relating to the implementation of section III of Conference resolution 124 (V) and making recommendations to the Committee on Commodities for such appropriate institutional arrangements for negotiation and/or other action as might be deemed suitable. He requested the Board, when considering the calendar of meetings, to schedule a meeting of the Permanent Sub-Committee in 1981, to be held immediately before the special session of the Committee on Commodities.

218. Although the Committee had concentrated on procedural questions, it had dealt with certain substantive issues and, in addition to consideration of the implementation of section III of Conference resolution 124 (V), it had reviewed progress in the implementation of other resolutions of the Conference. In particular, note had been taken of the progress being made by the secretariat in the preparation of studies pursuant to resolution 105 (V), on international food trade, and resolution 125 (V), concerning a complementary facility for commodity-related shortfalls in export earnings. Reference had been also made to resolution 126 (V), dealing with an international arrangement to replace the present International Wheat Agreement. In that connection, believing that UNCTAD had an important role to play with regard to international food trade and to the negotiation of an international arrangement on grains, he expressed the hope that the Committee would be able to pay more detailed attention to these matters at future sessions.

219. As regards the question of a complementary facility for commodity-related shortfalls in export earnings, he said there was widespread agreement that the studies already completed and planned to be undertaken by the UNCTAD secretariat could provide a very useful basis for discussion of the issues involved. He indicated that there was support from all Groups, with certain reservations, that the Committee should consider at its first special session, and should recommend to the Board that it further consider, with the assistance of the UNCTAD secretariat and, as required, in consultation with other relevant intergovernmental bodies, the nature and magnitude of the problem of commodity export earnings shortfalls of developing countries, in order to facilitate further consideration of the general issues in UNCTAD and other intergovernmental bodies, in particular the International Monetary Fund.

220. He drew attention to resolution 17 (IX) of the Committee urging all Governments to take the necessary steps to ensure the early entry into force of the Agreement Establishing the Common Fund for Commodities and to ensure that the International Natural Rubber Agreement, 1979, would enter into force definitively at an early date.

221. The spokesman for Group D, in a statement referring both to the report of the Ad Hoc Intergovernmental Committee for the Integrated Programme for Commodities on its tenth session and to the report of the Committee on Commodities on its ninth session, said that the members of Group D, in assessing the work done by the Ad Hoc Intergovernmental Committee, considered that it had contributed to a certain extent to the realization of the Integrated Programme for Commodities, mainly in its administrative and organizational aspects. At the same time, as had been stated by the socialist countries at Manila, with reference to the implementation of the Integrated Programme (TD/259), ^{26/} the interruption of the work of the Committee on Commodities and the transfer of its work to the Ad Hoc Committee had resulted in the non-fulfilment of many important parts of Conference resolution 93 (IV), as well as of other resolutions adopted by UNCTAD. Energetic measures were now required in order to improve this situation. He added that the ninth session of the Committee on Commodities had demonstrated that the majority of the problems of international trade in the commodity as well as in the agricultural products sectors were still unsolved. This could be seen for example, from the work programme adopted by the Committee at that session.

222. He observed that there was no doubt that the Committee on Commodities must play an ever-growing role in the coming years in working out measures and recommendations aimed at overcoming disproportions in supply and demand for commodities, at ensuring more stable supplies of commodities, which would eliminate excessive price fluctuations, and at eliminating dictation by the transnational corporations in the field of commodity prices.

223. He added that Group D countries considered that the Committee on Commodities, as a universal international forum for discussing any commodity problems, could and must contribute to international efforts aimed at the elimination of protectionist measures and other measures of a discriminatory character in the field of commodities

^{26/} See Proceedings of the United Nations Conference on Trade and Development, Fifth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.79-II.D.14), annex VII, sect. C.

and agricultural products, taking into account the interests of both producers and consumers. Those and other questions concerning the normalization of international commodity trade ought to be considered by the Committee on a regular basis in accordance with Board decision 217 (XX). The first steps in this direction had already been made. In particular, he considered that the report on some of these issues prepared by the secretariat for the Committee on Commodities at its ninth session (TD/B/C.1/207/Add.2) was a very significant and useful one, in which an attempt had been made to throw some light on the scale and consequences of protectionism for international trade in commodities and agricultural products.

224. In conclusion, he said that members of his Group considered that the task of implementing the Integrated Programme, whose importance and urgency could not be over-estimated, should not replace all other fields of activity of the Committee on Commodities as determined by its terms of reference (set out in Board resolution 7 (I) of 29 April 1965). In that connection, it would be appropriate to charge the Permanent Sub-Committee of the Committee on Commodities with control over the full implementation of the Integrated Programme. This control could include, in addition to organizational aspects, the preparation of recommendations on problems which arose during the implementation of the Programme, for further consideration by the Committee on Commodities.

Consideration in plenary

Action by the Board

225. At its 552nd meeting, on 20 March 1981, the Board, in taking note of the report of the Sessional Committee, took note of the report of the Committee on Commodities on its ninth session and endorsed resolutions 17 (IX) and 18 (IX) adopted by the Committee. 27/

B. Financing related to trade (Agenda item 8 (b))

Consideration in the Sessional Committee

226. The report of the Committee on Invisibles and Financing related to Trade on the second part of its ninth session, 28/ which was devoted entirely to insurance, was introduced by the representative of the Secretary-General of UNCTAD, who referred in particular to resolution 19 (IX) adopted by the Committee, draft resolution TD/B/C.3/L.131, annexed to the report as "unfinished business", and a request that the Committee be kept informed of the results of the work on marine insurance of the Working Group on International Shipping Legislation.

227. Referring to draft resolution TD/B/C.3/L.131 on insurance of projects financed by foreign aid or by loans, the representatives of several developing countries expressed regret that at its current session the Board was not ready to discuss the draft resolution with a view to adopting it, and that it would have to be referred back to the Committee on Invisibles and Financing related to Trade at its next session, for further action, as had been proposed by the Chairman of that Committee at the second part of its ninth session. In order to gain time, they would have preferred that the Board dealt at its next session with this important draft resolution, which concerned a topic much broader than insurance alone.

27/ For action by the Board on the request, in paragraph 3 of Committee resolution 18 (IX), for the convening of a special session of the Committee, see annex I below, decision 235 (XXII).

28/ Official Records of the Trade and Development Board, Twenty-second Session, Supplement No.2 (TD/B/833), provisionally circulated as document TD/B/C.3(IX)/Misc.5 and Corr.1.

228. The Sessional Committee took note of the report of the Committee on Invisibles and Financing related to Trade on the second part of its ninth session and endorsed resolution 19 (IX) adopted by the Committee. It endorsed the wish expressed by the Chairman of the Committee that its tenth session be held in two parts, the second of which would be devoted entirely to insurance. As regards the insurance topics to be included in the agenda of the tenth session, the Sessional Committee agreed that further consultations among the Group co-ordinators would be necessary in due course.

Consideration in plenary

Action by the Board

229. At its 552nd meeting, on 20 March 1981, the Board, in taking note of the report of the Sessional Committee, took note of the report of the Committee on Invisibles and Financing related to Trade on the second part of its ninth session, endorsed resolution 19 (IX) adopted by the Committee and decided that the tenth session of the Committee should be held in two parts, the second of which would be devoted entirely to insurance (see also annex I below, decision 235 (XXII)). It noted that further consultations would be held concerning the insurance topics to be included in the provisional agenda of the tenth session.

C. Shipping

(Agenda item 8 (c))

1. Report of the Committee on Shipping on its ninth session

Consideration in the Sessional Committee

230. The report of the Committee on Shipping on its ninth session ^{29/} was introduced by the Chairman at that Committee. He recalled that the Board, at its twenty-first session, had had before it a note by the UNCTAD secretariat (TD/B/L.568) concerning matters arising from the ninth session of the Committee requiring the attention of, or action by, the Board. Five resolutions and three decisions had been unanimously adopted by the Committee on Shipping in relation to port problems, technical assistance and training, elections to the membership of the Working Group on International Shipping Legislation, open-registry fleets, merchant fleet development and multimodal transport, respectively. He believed that the Committee had marked a turning point with regard to the vital issues of fleet development. It had noted the aim of developing countries to acquire a minimum of 20 per cent of world tonnage by the end of the 1980s and all groups had recognized that the bulk trades were not as free as formerly supposed. He referred, in this connection, to the establishment of a Group of Experts that had just completed the task of drawing up a questionnaire which would be submitted to major bulk importers and exporters. In due course the Group would be reporting on its assessment of barriers to the participation of developing countries in bulk shipping attributable to the operations

^{29/} Official Records of the Trade and Development Board, Twenty-second Session, Supplement No. 4 (TD/B/825), provisionally circulated as document TD/B/C.4(IX)/Misc.3.

of these parties. Equally important was the decision of the Committee to hold a special session on the issue of open-registry shipping. That session, scheduled from 27 May to 5 June 1981, would take a close look at aspects not previously considered, and he was confident that a substantive step would be taken on this critical subject. He also drew attention to the strong representation of member States, as well as of intergovernmental and non-governmental organizations, at the ninth session, which was an indication of the tremendous importance attached to the work of the Committee. He noted in this connection that shipping was a vital element of marketing and distribution.

231. The Sessional Committee took note of the report of the Committee on Shipping on its ninth session and endorsed resolutions 35 (IX) and 38 (IX) and decisions 37 (IX) and 39 (IX) adopted by the Committee. It noted that resolutions 40 (IX) and 42 (IX) and decision 36 (IX) of the Committee had already been endorsed by the Board at its twenty-first session.

Consideration in plenary

Action by the Board

232. At its 552nd meeting, on 20 March 1981, the Board, in taking note of the report of the Sessional Committee, took note of the report of the Committee on Shipping on its ninth session and endorsed resolutions 35 (IX) and 38 (IX) and decisions 37 (IX) and 39 (IX) adopted by the Committee. 30/

2. Report of the Working Group on International Shipping Legislation on its seventh session

Consideration in the Sessional Committee

233. The Rapporteur of the Working Group on International Shipping Legislation introduced the report of the Group on its seventh session (TD/B/C.4/219). She stated that the session had been dedicated to the drawing up of a set of standard clauses for marine hull insurance contracts as a non-mandatory international model, in respect of which the UNCTAD secretariat had prepared studies on the legal and documentary aspects of marine insurance legal régimes in France and Latin America (TD/B/C.4/ISL/30 and TD/B/C.4/ISL/31, respectively). The Group had performed its substantive work in a subgroup of experts, and had formulated composite texts on a set of risks clauses and a collision liability clause which were reproduced in its report.

234. She stated that the Group had adopted resolution 4 (VII) recommending that the eighth session of the Group be for three weeks, during which the same subgroup of experts should continue its work on hull insurance for 10 working days, in order to complete its work on this subject, and then commence work on cargo insurance for four working days. The Group itself would then meet on the fifteenth working day. She added that the Board might wish to refer to the note by the UNCTAD secretariat on the calendar of meetings (TD/B/L.583), where dates for the eighth session of the Working Group had been suggested. She pointed out that, although the Group had recommended increasing the session to three weeks, it had noted in adopting its resolution that there would be no financial implications, in view of the savings achieved through the convening of the subgroup.

30/ For action on two other resolutions and one decision see Official Records of the General Assembly, Thirty-fifth Session, Supplement No. 15 (A/35/15), vol. II, para. 424.

235. The spokesmen for the three regional groups and the representative of China noted that the tenth session of the Committee on Shipping, to which the Working Group would be reporting, was not scheduled to meet until after the Group's next session and recommended that the Board endorse the Group's resolution 4 (VII).

236. The spokesman for Group D stated that his Group approved the resolution adopted at the seventh session of the Working Group, containing recommendations to continue the examination of the problems in the fields of marine and cargo insurance. He further noted that the eighth session of the Working Group should be completed within three weeks. The first two weeks might be devoted to the question of marine insurance and the third week to cargo insurance.

237. The Sessional Committee agreed to recommend that the Board endorse resolution 4 (VII) of the Working Group on International Shipping Legislation.

Consideration in plenary

Action by the Board

238. At its 552nd meeting, the Board, in taking note of the report of the Sessional Committee, endorsed resolution 4 (VII) adopted by the Working Group on International Shipping Legislation.

D. Transfer of technology

(Agenda item 8 (d))

Consideration in the Sessional Committee

239. The Chairman of the Committee on Transfer of Technology, introducing the report of the Committee on its third session, 31/ stated that the Committee had focused its attention on a number of broad issues, such as the review of implementation of Conference resolutions 87 (IV) and 112 (V) concerning the strengthening of the technological capacity of developing countries, the role of small and medium-sized enterprises in the international transfer of technology, follow-up to the United Nations Conference on Science and Technology for Development and technical and operational assistance by UNCTAD's Advisory Service on Transfer of Technology. Also related to this review of broad issues was Committee resolution 8 (III) on the formulation of a strategy for the technological transformation of developing countries. That resolution set out the steps to be taken for the elaboration of a set of interrelated and supporting measures within the field of competence of UNCTAD for the technological transformation of developing countries as a contribution to the implementation of the new International Development Strategy, an area which should receive continued attention, though not necessarily at the present session of the Board.

240. He also mentioned that two of the resolutions adopted by the Committee called for the convening of meetings of governmental experts: resolution 14 (III) requested the Secretary-General of UNCTAD to convene in the first quarter of 1982 a group of governmental experts to examine the economic, commercial and developmental aspects of industrial property in the transfer of technology to developing countries and resolution 15 (III) requested the Secretary-General of UNCTAD to prepare a comprehensive

31/ Official Records of the Trade and Development Board, Twenty-second Session, Supplement No. 5 (TD/B/836), provisionally circulated as document TD/B/C.6(III)/Misc.4 and Corr.1.

study on the feasibility of measuring human resource flows, in close consultation with relevant United Nations organizations, especially the ILO and the United Nations Statistical Office, and to submit the study to Governments of member States for comments. The latter resolution also requested the Board at its current session to authorize the Secretary-General of UNCTAD to convene, no earlier than three months after the study on this subject had been submitted to Governments, an intergovernmental group of experts to examine the feasibility of measuring human resource flows.

241. He added that the Committee unfortunately had not had sufficient time to conclude all the work it had set out to do and had had, therefore, to refer to the Board for further consideration two draft resolutions submitted by the Group of 77. One of these (TD/B/C.6/L.20/Rev.1) concerned issues in individual sectors and other areas of critical importance to developing countries, and in particular the convening of meetings of experts on three individual sectors - food processing, energy and capital goods. The other draft resolution (TD/B/C.6/L.26) related to studies on the effects of legislation and regulations on technology transfer. An account of the Committee's consideration on these draft resolutions was contained in its report. He hoped that the Board could take definitive action to settle these unresolved issues.

242. In conclusion, he noted that the consultation exercise undertaken at the third session of the Committee and the large number of resolutions and decisions agreed upon by the regional groups collectively represented a step forward towards consolidating the diversified activities of UNCTAD in the technology field. In introducing the report of the Committee, he wished to emphasize this point once again and expressed hope that further steps in this direction would be taken in the course of the implementation of the Committee resolutions and decisions, so that the valuable work of UNCTAD in this field should further enhance its effectiveness in promoting the transfer and development of technology, bearing in mind particularly the interest of developing countries.

243. The spokesman for the Group of 77 noted that a useful discussion on draft resolutions TD/B/C.6/L.20/Rev.1 and TD/B/C.6/L.26, which had been referred to the Board, had been conducted in the Committee on Transfer of Technology.

244. On draft resolution TD/B/C.6/L.20/Rev.1, he stated that delegations now not only had had sufficient time to examine the studies which had been submitted to the Committee by the secretariat on the energy, food processing and capital goods sectors in question, but had also received comments from other United Nations organizations on these studies. His Group was therefore of the view that the draft resolution, in its present form and substance, was ready for examination by all the groups and for adoption in accordance with paragraphs 23 and 24 of Conference resolution 112 (V). He expressed the hope that other groups would agree to the adoption of the draft resolution.

245. His Group attached the greatest possible importance to draft resolution TD/B/C.6/L.26. Noting that formulation and implementation of technology policies, including regulation of transfer of technology, had been accepted in Conference resolutions 87 (IV) and 112 (V), he saw no difficulty in the different regional groups accepting the draft resolution.

246. The spokesman for Group B, speaking on draft resolution TD/B/C.6/L.20/Rev.1, stated that his Group required more time before coming to a decision on this matter. Noting that the comments by other United Nations organizations on the studies contained in document TD/B/L.582 were of a preliminary nature, he asked the secretariat whether it had received any further comments from these and other United Nations organizations

or from Governments. On resolution 13 (III) adopted by the Committee, on development aspects of the reverse transfer of technology, he indicated that his Group had no difficulty in giving its approval to the request by the Committee to the Board contained in paragraph 2 of that resolution.

247. The spokesman for the Group of 77 stated that his Group would respond positively to the request contained in paragraph 2 of resolution 13 (III).

248. The representative of China stated that both draft resolution TD/B/C.6/L.20/Rev.1 and TD/B/C.6/L.26 were very important for the developing countries, and expressed his delegation's support for them.

249. The spokesman for Group D indicated his Group's approval of the request in paragraph 2 of resolution 13 (III). Activity by UNCTAD in this field could be brought to a stage of concrete recommendations, especially regarding compensation for the brain-drain from developing to developed market-economy countries, in accordance with the decision of the Board at its twenty-first session and General Assembly resolution 35/62. He stressed the need to elaborate a methodology for measuring human resource flows, including through the convening of an intergovernmental group of experts. He concluded by saying that this work should be undertaken within existing resources and that the composition of the Group of Experts should be based on the principles of equitable geographic distribution. Group D also proposed that the expert meeting be held concurrently with the next session of the Committee on Transfer of Technology.

250. The representative of China expressed his country's approval of the request in paragraph 2 of resolution 13 (III).

251. The spokesman for Group B noted with satisfaction that the Committee at its third session had made efforts to consolidate UNCTAD's work in the technology field, and hoped that such efforts would continue, so that UNCTAD's work programme would contribute to the improvement of the transfer and development of technology in developing countries. In that connection, the Board should bear in mind the need for continuous evaluation of UNCTAD's activities in the technology field, taking into account those of other United Nations organizations. Speaking on draft resolution TD/B/C.6/L.20/Rev.1, he stated that the comments which had been received from other United Nations organizations on the studies in question were now available to delegations and that his Group would propose that necessary in-depth examination of those studies should be carried out by regional groups at the current session of the Board in order to reach a decision on the convening of expert group meetings on the specific sectors, including the number of such meetings, their timing, and the sectors to be covered. Referring to the comments received from other United Nations organizations on the studies, he said the substance of those comments made his Group wonder whether the consultations by the UNCTAD secretariat with those organizations on the studies had taken place from the very initiation of such studies. He reiterated the importance his Group attached to the question of co-ordination between UNCTAD and other relevant organizations in this area, in particular UNIDO.

252. Speaking on draft resolution TD/B/C.6/L.26, he stated that Group B recognized the importance of national policies in this field as a significant means of strengthening the scientific and technological capacity of all countries, particularly of the developing countries. However, as the effects of such regulations were not yet well known, studies covering countries at different levels of development, countries with and without legislation and countries which had changed their legislation were needed. Only after such a comprehensive study was available would it be possible to see what steps should be taken in this area. He expressed the hope that an agreement could be reached at the current session on the proper steps to be taken in respect of this draft resolution.

253. The spokesman for the Group of 77 noted with interest the statement made by the spokesman of Group B on the two draft resolutions. On TD/B/C.6/L.20/Rev.1, he suggested that the studies had not been examined because of the limited time available at the third session of the Committee. Pointing out that the statement by the spokesman for Group B did not indicate a positive reaction to the draft resolution, he stated that this might constitute an obstacle to reaching a decision on this matter. He urged Group B to make a comprehensive examination of the question at hand and to provide a response.

254. With respect to draft resolution TD/B/C.6/L.26, the spokesman for the Group of 77 said that his Group had looked with favour on the suggestion by Group B for having more comparative studies. His Group would like to see a similarly positive reaction from Group B in respect of the proposal in paragraph 3 of the draft resolution as a possible follow-up of those studies.

255. The spokesman for Group B, speaking on draft resolution TD/B/C.6/L.20/Rev.1, reiterated the importance of in-depth examination of the studies in question before proceeding to a decision on the matter, noting with satisfaction the comments on the studies by the Government of Canada (TD/B/L.582/Add.2). He would like to hear the views of other Governments on the studies.

256. The representative of Switzerland, commenting on the sectoral studies in question, stated that they were interesting and covered some new ground. For example, in the area of capital goods, there existed some methodological problems, as indicated in the comments by other United Nations organizations and by the Government of Canada. With respect to future studies, his delegation hoped that the secretariat would enhance its co-operation with other United Nations bodies and thus help the work of the intergovernmental bodies. The study on the capital goods sector (TD/B/C.6/60) was a sound document, although in some parts there was a tendency to generalize on the basis of relatively few cases. However, it was clear that the study deserved consideration.

257. The representative of Canada stated that his was one of the delegations which had argued at the third session of the Committee on Transfer of Technology that the late circulation of the documents did not permit in-depth examination of these studies and hence the taking of a decision on the convening of the expert group meetings. His Government had now examined the studies in question in considerable detail and its comments were to be found in document TD/B/L.582/Add.2. He singled out the following key points in those comments: (a) there was need for a co-ordinated approach in pursuing the studies in question among the United Nations organizations concerned, such as UNIDO, the Centre on Transnational Corporations and the ILO, particularly in the capital goods sector; (b) his Government welcomed the comments from other United Nations agencies; (c) with reference to the study on the capital goods sector (TD/B/C.6/60), his Government thought that the use of consultants should reflect much more balance than was reflected in paragraph (iv) of the preface of the document, but that the study nevertheless contained some good points, while others were questionable; (d) his Government found the energy sector study (TD/B/C.6/65) fundamentally a good one, but sought clarification of the reference made in the study to an international electrical cartel. His Government also thought that the issues mentioned, for example in paragraph 54 of the document, might be raised at the United Nations Conference on New and Renewable Sources of Energy, to be held at Nairobi in August 1981, and proceeding on those questions at this time might prejudice the outcome of that Conference; and (e) in relation to the food-processing study (TD/B/C.6/66), his Government supported the comments made by FAO and UNIDO as contained in document TD/B/L.582/Add.2. It was of the view that the impact of technology and the level of processing on nutrition was an important issue and should

be treated by an expert group meeting. He also underlined his Government's concern about the need to involve FAO and UNIDO, and possibly other United Nations bodies, such as the Centre for Science and Technology for Development, in the preparation of such a meeting.

258. The representative of Spain stated that the sectors being considered were particularly important ones for his country. Referring to the general technological structure of his country, he indicated that Spain was technologically dependent, with an annual negative technology trade balance of \$400 million, which had been progressively increasing. This structural characteristic of technological dependence, with considerable foreign presence, was particularly notable in such sectors as the chemicals and capital goods sectors, and had been treated in an UNCTAD study in 1974. ^{32/} Since then, there had not been any change in this direction of increasing dependence, and it was unavoidable to attempt to control the inflow of technology through national legislation. In the meantime, the gap between industrial development and technological development had widened. On the basis of the above-mentioned experience of his country, he thought that the approach in the secretariat studies, equating technological development with economic development, was not appropriate, and would give the misleading impression that all developed countries also had an advanced level in the field of technology. He noted that, in the study on capital goods, references were, however, quite correctly made to concentration of suppliers in some of the branches of this sector. In relation to the food-processing study, he thought that the secretariat had made excessive generalizations concerning the marketing structure and consumption patterns for processed food and had placed excessive emphasis on sophisticated technologies and the practices of large corporations, which did not apply to all countries considered economically developed. According to his delegation, one negative consequence of this approach, besides its inaccuracy, was to neglect the possibility of co-operation among countries in the immediate stages of development utilizing intermediate technologies, for which his country could serve as an example. Transfer of such technologies had had very productive results. He further noted that although it was interesting to study market structure, consumption patterns, etc., the studies should have been more clearly focused on technology issues in order to be more consistent with paragraphs 23 and 24 of Conference resolution 112 (V).

259. Stressing the importance of co-operation with other United Nations organizations, he expressed disappointment at the scantiness of substantive comments from other organizations as contained in documents TD/B/L.582 and Add.1, while recognizing that the late distribution of the studies could have been a factor. He hoped that those organizations would make further efforts in the future, and that the practical approach of Governments should also be considered. He thought the studies submitted by the secretariat contained positive elements but required further work.

260. In conclusion, he stated that the documents provided an adequate basis for convening expert meetings to produce more concrete and positive results, and that experts from other United Nations organizations should also be invited to participate in these meetings, which should take full account of comments from Governments. Modalities, terms of reference, etc., should be worked out accordingly.

261. The representative of Japan, noting the crucial role which the capital goods and industrial machinery sector could be expected to play in the economic development of developing countries, expressed appreciation to the UNCTAD secretariat for its report on this sector (TD/B/C.6/60). The study had been under examination by the authorities concerned in his country, and in their view it had been fairly well undertaken and also ended with an appropriate conclusion that, although it seemed

^{32/} "Major issues arising from the transfer of technology: a case study of Spain - Report by the UNCTAD secretariat" (TD/B/AC.11/17).

relatively easier to obtain product designs through various forms of foreign collaboration, domestic capacity to design complex capital goods was the essential long-term objective, and that it could not be developed without adequate stimuli and the allocation of human and financial resources. Citing paragraph 18, he stated that the study was an almost initial exploration of the broad question of transfer and development of technology in the capital goods sector. The study should therefore be followed by, and completed with, a series of in-depth studies covering the experience of various developing countries in manufacturing capital goods of different technological complexity and the impact of changing technology in this sector on all developing countries.

262. The representative of the United States stated that his delegation reserved its right to submit its comments at a later stage.

263. The representative of the Secretary-General of UNCTAD welcomed the comments made, which would be taken into account in the future work of the secretariat on these sectors. He also clarified questions by the representative of Canada concerning the international electrical cartel and the possible problem that the secretariat might face in proceeding with its work on new and renewable sources of energy. He also briefly described the consultations held and planned by the secretariat with other United Nations organizations concerning its activities in the technology field.

264. The spokesman for the Group of 77 stated that his Group had listened with interest to the useful comments made by different delegations. He also noted that the secretariat would take into account all these comments in its future work. In the view of his Group, the studies prepared so far and their consideration provided a solid basis for preparing and convening expert meetings.

265. The spokesman for Group B stated that his Group wished to hear comments from the other Groups on the studies and to this end to keep the discussion open.

266. The spokesman for the Group of 77 stated that the exchanges had been useful but that the delegations had also to take time into account. He suggested that further comments by Governments might be submitted in writing to the secretariat for the latter's benefit.

267. The Chairman noted that there had been a good exchange of views on the studies.

268. The spokesman for Group B expressed support for the convening of an intergovernmental group of experts to examine the feasibility of measuring human resource flows, in accordance with Conference resolution 102 (V) and resolution 13 (III) of the Committee on Transfer of Technology. Although his Group had serious doubts about the feasibility of dealing with the adverse effects of the reverse transfer of technology through multilateral arrangements, it did not want to prejudge the outcome of the study called for in those resolutions.

269. He further stated that the mandate of the intergovernmental group should be confined to that given by resolution 102 (V); it should be open to participation by governmental experts from all members of UNCTAD, and should benefit from the expertise of the competent United Nations agencies, which should be invited to participate as observers.

270. In conclusion, he stated that the report of the intergovernmental group of experts should be submitted to the Committee on Transfer of Technology for consideration at its fourth session.

271. At a subsequent meeting, the Chairman introduced two draft resolutions which she had submitted as a result of informal consultations, on the development aspects of the reverse transfer of technology (TD/B(XXII)/SC/L.2) and on issues in individual sectors and other areas of critical importance to developing countries (TD/B(XXII)/SC/L.6). Draft resolution TD/B/C.6/L.20/Rev.1 was withdrawn.

272. The Sessional Committee recommended for adoption by the Board the two draft resolutions submitted by the Chairman.

273. At the same meeting, the spokesman for the Group of 77 introduced draft resolution TD/B(XXII)/SC/L.5, on legislation and regulations on technology transfer, which had been submitted by Mexico on behalf of his Group. Explaining that it was a revision of draft resolution TD/B/C.6/L.26, he requested that it be transmitted to the plenary for appropriate action. In the view of his Group, the latter draft resolution had been intensively negotiated at the last session of the Committee on Transfer of Technology. The revised text in TD/B(XXII)/SC/L.5 was basically the same as the text which had been submitted by the Group of 77 to the Committee on Transfer of Technology. He said that Group B had shown no flexibility at all on this issue and that, given the rigid position of Group B, the Group of 77 did not have many options open to it. The Group of 77, during the informal consultations in the Contact Group, had attempted to seek a compromise with the other Groups but this had not been possible.

274. The spokesman for Group B stated that the Sessional Committee had not had time to consider the revised draft resolution, which had been submitted only the previous day. In the view of Group B, it should be referred to the Contact Group of the President. Furthermore, in view of the late submission of the proposal and the nature and scope of the changes introduced by the Group of 77, the members of Group B required guidance from their capitals. He also recalled that, in the course of the discussions in the Contact Group of the Chairman of the Sessional Committee, Group B had submitted an informal proposal on 13 March and had been waiting for comments by the Group of 77 on that proposal. In the opinion of Group B, draft resolution TD/B(XXII)/SC/L.5 was virtually a new proposal in respect of its nature, scope and objective, and the submission of the draft was a move backward away from possible agreement among regional groups.

275. The spokesman for the Group of 77 said that his Group had already made a positive contribution and had reacted to the informal proposal of Group B. His Group had proposed the formulation of operative paragraphs 3 and 4 and the insertion of operative paragraph 3 of the original proposal of the Group of 77. That had been formally rejected by Group B.

276. After a further exchange of views, and on the suggestion of the Chairman, the Sessional Committee agreed to transmit draft resolution TD/B(XXII)/SC/L.5 to the Contact Group of the President.

Consideration in plenary.

277. At the 552nd meeting, on 20 March 1981, the spokesman for the Group of 77, recalling the background to draft resolution TD/B(XXII)/SC/L.5, reaffirmed the view of his Group that the adoption of national laws and regulations on transfer and development of technology was an urgent necessity. The countries members of his Group were at different stages of development, and their scientific and technological infrastructure was generally weak, particularly in the least developed countries.

It was for these reasons that the Group had submitted draft resolution TD/B/C.6/L.26 at the third session of the Committee on Transfer of Technology, inviting the Secretary-General of UNCTAD "to complete as soon as possible a report containing concrete proposals on common approaches to legislation and regulation dealing with the transfer, application and development of technology in developing countries". That draft resolution had received the support of Group D and China. However, instead of recognizing the need for urgent assistance, Group B had proposed amendments which called for the preparation of complicated studies to determine whether laws and regulations on technology were necessary.

278. In the view of his Group, the necessity of such laws and regulations in any country was a matter for determination by the Government of that country and by it alone. A request for further studies was pointless, since paragraph 26 of Conference resolution 112 (V), to which Group B appeared to attach great importance, already contained such a request.

279. It was in the conviction that the right of any developing country to adopt such legislation as it considered necessary could not be contested that draft resolution TD/B(XXII)/SC/L.5 (a revised version of TD/B/C.6/L.26) requested the Secretary-General of UNCTAD to complete as soon as possible a report containing concrete proposals on common approaches, which the developing countries could use for the formulation of their own laws and regulations. However, in view of the disappointing attitude of Group B in the Sessional Committee and in a spirit of co-operation and in the hope that Group B would show the utmost flexibility and co-operation, he proposed that the draft resolution be remitted to the Board at its twenty-third session for its final consideration.

Action by the Board

280. At the same meeting (552nd), the Board:

(a) Decided to consider further draft resolution TD/B(XXII)/SC/L.5 (Legislation and regulations on transfer of technology) at its twenty-third session (see annex II below). (Draft resolution TD/B/C.6/L.26 was withdrawn.)

(b) In taking note of the report of the Sessional Committee:

- (i) Took note of the report of the Committee on Transfer of Technology on its third session and endorsed resolutions 8 (III), 9 (III), 11 (III), 13 (III), 14 (III), 15 (III) and 16 (III) and decisions 10 (III) and 12 (III) adopted by the Committee;
- (ii) Adopted draft resolutions TD/B(XXII)/SC/L.2 (Development aspects of the reverse transfer of technology) and TD/B(XXII)/SC/L.6. (Transfer, application and development of technology: issues in individual sectors and other areas of critical importance to developing countries) (for the text, see annex I below, resolutions 227 (XXII) and 230 (XXII)).

CHAPTER VI

SIXTH SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT: PLACE, DATE AND DURATION (Agenda item 6)

281. In its resolution 34/196, paragraph 26, the General Assembly requested the Board at its twenty-first session to recommend the date, place and duration of the sixth session of the Conference, bearing in mind the offer made by the Government of Cuba. At its twenty-first session, the Board decided to defer its recommendation to its twenty-second session, stating that in making its recommendation it would take into account the offer made by Cuba during the tenth special session of the Board to host the Conference, which had been reiterated at the fifth session of the Conference. In this connection, the Board had before it documents TD/B/843 and TD/B/844 which had been circulated at the request of the Permanent Missions of Cuba and of the United States, respectively.

282. Opening the discussion at the 549th meeting, on 16 March 1981, the representative of Cuba said that his country was a founder Member of the United Nations and as such had full rights to vote, hold office and host meetings. Since 1959 the Cuban people had been deciding their own destiny, free of neo-colonialist tutelage; the Cuban Government was devoted to the cause of eliminating the scourge of war and promoting human rights and social and economic progress. It also believed in the sovereign equality of all States, great and small, and in international co-operation to solve the major problems of mankind. For that reason it was resolved to play an increasingly active part in the work of the United Nations and in that spirit it had, at the fifth session of the Conference, offered the city of Havana as the venue for the sixth session of the Conference. As was clear from document TD/B/843, Cuba already possessed a substantial amount of facilities, including a conference centre, hotels and communications facilities, and it was ready to expand those facilities and build additional meeting rooms and offices in order to meet all the needs of the Conference. It was also prepared to cover all the additional costs incurred as a result of holding the Conference away from the headquarters of UNCTAD. Cuba had already hosted other important international meetings, and their participants had been received with traditional Cuban hospitality. His Government was convinced that it was important for the venues of important conferences to be rotated among different countries, in line with the principle of universality, and with that of respect for the rights of all Member States irrespective of their economic, social or political systems. Accordingly, he wished to reiterate the desire and readiness of his Government to host UNCTAD VI, and formally proposed that the Board should adopt a decision to that effect at its current session.

283. Noting that no other country such as his, namely a developing country of Latin America, had offered to host UNCTAD VI, he said that it might be wondered why Cuba's invitation had not yet been accepted. The answer to that question had so far only been whispered in the corridors. But it was in the interest of all States, particularly small States, to have the matter brought up at a meeting of the Board. It appeared that not all States members of UNCTAD believed in equality of rights. Some considered they enjoyed a permanent veto on the venue, agenda and dates of important conferences. These were the same States which were unwilling to see independent countries exercising permanent sovereignty over their natural resources

and following an international policy in line with their own interests. One such country, namely the United States, had unsuccessfully attempted to get the Group to which it belonged to turn down Cuba's offer. It had subsequently - and equally unsuccessfully - attempted to induce another Latin American Government to make a rival invitation, and it had - again unsuccessfully - tried to erode support for the Cuban offer in the Latin American Group and in the Group of 77. It was still manoeuvring behind the scenes - but shrinking from a public discussion which would have revealed its activities to be contrary to the principles of the United Nations and of UNCTAD. Such conduct was neither healthy nor constructive and should be rejected, since otherwise it would create a precedent for the future which would jeopardize the normal development of the work of UNCTAD.

284. The representative of the United States of America said that he would not respond to the allegations by the representative of Cuba relating to his country, which were not germane to the issue of the venue for UNCTAD VI. On that subject there had been considerable discussion among the members of the Board. On this, and other issues involving UNCTAD, efforts had been and should continue to be made to achieve consensus; for if there was no willingness to reach a consensus understanding on such a procedural matter, then there would be little chance of gaining agreement on substantive matters, which were of such great concern to UNCTAD and its members. He regretted that the issue had been raised formally in the Board despite the fact that a consensus had not yet been reached. The Board had two proposals before it: the Cuban Government offered Havana; and a number of Governments, including his own, on the whole preferred Geneva. He could not speak for others as to their motives for favouring Geneva, but so far as his own Government was concerned it would make no apology for its conclusion that holding UNCTAD VI at Havana would not be conducive to the success of the Conference. However, he wished to emphasize that in expressing its preference for Geneva, his country did not exclude support for holding the Conference elsewhere in Latin America. He would not detail the reasons for his Government's position, but it must be clear to the members of the Board that UNCTAD could not expect to be isolated from the larger concerns which troubled the Caribbean area and the world. Those concerns, however, contributed to his Government's conclusion that it could not attend a meeting of UNCTAD VI if held at Havana.

285. The spokesman for the European Economic Community said that, in order to arrive at constructive results at UNCTAD VI it was of the utmost importance to agree on a venue which would command the full support of all States members of UNCTAD. If such support was not forthcoming, not only would the success of the Conference be at risk but also the on-going work of UNCTAD and its future might be jeopardized. All delegations should therefore reflect seriously on those considerations before a final decision was taken.

286. The representative of Algeria expressed astonishment at what she considered to be an unprecedented discussion concerning a country's offer to host a Conference. Such a discussion had never occurred in respect of previous sessions of UNCTAD. Moreover, in the socio-cultural context of her country, refusal of an invitation was an unpardonable breach of conduct. She hoped that, as a result of consultations, the Board would be able to find a solution to this issue without yielding to blackmail from any party. Cuba had hosted many important conferences, which her country had always been happy to attend.

287. The representative of Ethiopia said that the Group of 77, at its Ministerial Meeting at Arusha, had noted with satisfaction the Cuban Government's invitation to host UNCTAD VI. This issue had been raised at UNCTAD V and at the tenth special session and the twenty-first session of the Board. Therefore he, too, was surprised that the offer by the Government of Cuba should be a subject of debate. Furthermore, document TD/B/843 contained a positive report from a mission which had visited Cuba to examine the facilities. The Board had before it all that it needed to reach a decision, and no obstacles should be placed in its way.

288. The spokesman for Group D said that his Group supported the proposal that the sixth session of the Conference should be held at Havana. The invitation which had been made by the Cuban Government at the fifth session of the Conference and at the tenth special session of the Board had been welcomed by the majority of member countries, including those of Group D and of the Group of 77. That situation had been reflected in the adoption by the Conference of resolution 107.(V) and by the General Assembly of resolution 34/196. As could be seen from document TD/B/843, all the necessary requirements for holding the Conference at Havana could be met. Group D expressed its appreciation to the Government of Cuba for its invitation to hold the Conference in this socialist developing country of Latin America, and considered that there was nothing to prevent the Board from taking a decision on the subject at its current session.

289. The representative of the Syrian Arab Republic also expressed surprise that the Board was discussing the offer of Cuba to host the sixth session of the Conference, since such a discussion had never taken place in respect of previous sessions of UNCTAD. Cuba met the necessary conditions for acting as a host to the Conference; indeed, the non-aligned countries had met in Cuba, and Cuba had proved that it was competent to host large conferences. His delegation would be happy to attend the sixth session of the Conference in that country.

290. The representative of China said that, since the adoption of Conference resolution 107 (V), his country had shown concern for, and attached great importance to, the question of the venue of UNCTAD VI. Careful consideration should be given to that question in order to ensure the success of the Conference. UNCTAD was the major economic and trade forum of the United Nations and had the important mandate of holding negotiations. It should therefore encourage developed and developing countries alike to participate in discussions of the problems of international trade and development with a view to seeking solutions through common efforts. The choice of the venue of UNCTAD VI thus assumed considerable importance, and the difficulties facing various parties could not be overlooked. If those difficulties could not be eliminated and any Group, or any State member of UNCTAD, could not participate in the Conference, there would be a lack of universality and the progress of negotiations would be difficult to ensure. Such a possibility might, moreover, cast a shadow over the future of UNCTAD. He therefore appealed to all members of the Board to bear in mind the general interests of UNCTAD and to select, through full consultations and by consensus, a location acceptable to all concerned.

291. The representative of Mongolia said that, in his opinion, there was no point in holding lengthy discussions on the question or on its political considerations. Cuba having offered to act as host for the Conference, reason should prevail and the Board should accept its invitation.

292. The representative of Canada said that, although his Government was of the opinion that every member of UNCTAD was, in accordance with normal United Nations practice, entitled to offer to act as host to UNCTAD VI, it was concerned because the offer made by Cuba had given rise to reservations that might hamper the success of the Conference, which played a very important role as a forum for the North-South dialogue. He was sure that all Groups recognized the importance of avoiding action at the present session which might dampen the prospects for a successful Conference in 1965. His delegation therefore agreed that a decision should be taken by consensus and that the Board should continue to reflect on the matter. He suggested that the President of the Board and the Secretary-General of UNCTAD continue their consultations with a view to resolving the issue by consensus.

293. The representative of Norway said that the situation which now seemed to have evolved gave rise to concern. In this respect he wished to emphasize the very important role of UNCTAD in the North-South dialogue and the significance of agreeing on the site for UNCTAD VI by consensus. He appealed to all delegations to continue to consider in further consultations, under the guidance of the President, the serious nature of the situation.

294. The representative of Japan said he shared the view that the discussion which was taking place was unusual and somewhat unfortunate. He wished to recall that Conference resolution 107 (V) had been adopted by consensus. He understood that the representative of Cuba had indicated elsewhere that his Government was concerned more with the success of UNCTAD VI than with the question of its venue. If his understanding was correct, he felt that it was certainly a right approach. In these circumstances, further consultations should be held with a view to reaching a consensus on the matter.

295. The representative of the Libyan Arab Jamahiriya expressed surprise that it appeared necessary to discuss the question of the venue of UNCTAD VI. In the past, the only criterion that had been considered when a State member offered to host the Conference had been its ability to provide all the necessary facilities. In the case of the offer by Cuba, that criterion was more than amply satisfied. It was, therefore, alarming that other criteria were now being invoked, which could create a precedent that might be used to hamper the work of the Conference at its sixth session, which all members of UNCTAD wished to be a success.

296. The representative of Australia said his country supported the view that the Board should arrive at a decision by consensus. UNCTAD VI would be a major forum in the continuing North-South dialogue; its success should not be jeopardized by a lack of consensus on its venue. It was therefore of critical importance that efforts to achieve consensus should continue.

297. The representative of Sweden, speaking also on behalf of Finland and Norway, expressed considerable concern regarding the course of the discussion. The question of deciding on the site of UNCTAD VI should not degenerate into an issue involving confrontation. In view of the importance of the sixth session for the work of UNCTAD, a decision should be taken by consensus. As that did not appear possible at the present session, he strongly urged that a decision on the matter be deferred until the next session of the Board in order to allow a solution to be found through consultations among all interested parties that would enable the Board to arrive at a consensus.

298. The representative of New Zealand said that the question needed to be settled constructively and by consensus. It was necessary to promote and strengthen the principle of interdependence and also the North-South dialogue. For small countries such as his the issues involved in the matter under discussion ran deeper than the simple question of where the Conference should be held.

299. The representative of Somalia noted that this question had been the subject of discussion since the tenth special session of the Board. At no time since the establishment of UNCTAD had so many States members demonstrated such a negative and hostile attitude to a proposal relating to the venue of the Conference. It was clear that there was complete disagreement with respect to Havana as the venue of the Conference, and his country categorically and unreservedly opposed Havana as the venue. Sessions of the Conference required the full participation of all States members. It would be counterproductive if UNCTAD VI were to be held in a country with a régime which had alienated freedom-loving countries in various parts of the world and which deserved total condemnation. Since a consensus was clearly not possible on the choice of Havana, Cuba should unconditionally withdraw its offer.

300. The representative of Iraq expressed surprise at a number of the views which had been expressed during the discussion and at the reasons given for them. His country fully supported the offer made by the Government of Cuba.

301. The representative of Portugal said that it was essential that there should be consensus and that the sixth session of the Conference should be held at a location acceptable to all member States in order to ensure its success. He hoped that it would be possible to arrive at a consensus.

302. The representative of Singapore said that UNCTAD was one of the most important forums in the North-South dialogue. In his delegation's view, the success of the Conference would be jeopardized, especially to the detriment of developing countries, if it were held at a place on which there was no consensus. His country would therefore be reluctant to attend UNCTAD VI if it were held at Havana.

303. The representative of Madagascar said his delegation had thought that the Board's discussion under agenda item 6 would deal only with the matter of the date and duration of the Conference. It did not believe that in the past an invitation by a country to host the Conference had been subject to discussion. Such discussion seemed to be a form of discrimination against a member State. Some delegations had spoken of safeguarding the integrity of UNCTAD, but that was not possible if there was to be discrimination among its members. The Government of Cuba had indicated that it would do all that was necessary to ensure that all the facilities needed for the Conference were provided, and the Board should accept its offer; if it did not do so, it would set a dangerous precedent.

304. The representative of Nicaragua said that his country could accept the offer made by the Government of Cuba. It would be most unusual for such an offer to be rejected, particularly since there appeared to be virtually no logic in the reasons given for rejecting it. He was concerned about the precedent which might be created for the future. It had been said that the choice of location was not an automatic one, since, in order to ensure the success of the Conference, it was necessary to have the support of all participants, in other words unanimity. But,

that was tantamount to saying that consensus was not a valid means of reaching agreement. Yet the very point of consensus was that it would not be necessary to seek unanimity when no reasons could be put forward to oppose a particular proposal. What the Board should reflect upon was all the possible consequences for UNCTAD and similar forums if the attempt to establish such a dangerous precedent were to be successful.

305. The representative of Cuba said that his delegation had pressed for a public discussion of agenda item 6 because it was necessary to bring into the open the pressures and blackmail which the United States had been exerting for months on the States members of UNCTAD. It was now clear which country was trying to avoid a decision on the venue of UNCTAD VI and for what reasons. The United States was demonstrating that its objective was to interrupt the international dialogue on economic co-operation and replace it with the language of the cold war, thus ignoring more than ever before its obligations under the Charter of the United Nations. The United States had clearly indicated that, whatever decision the Board took in the matter, it would not attend UNCTAD VI if it was held at Havana. Cuba denounced the increased hostility of the United States Government and considered its present attitude as one more item to be added to the long list of attacks made against Cuba since 1959 - an attack which, like those before it, would be defeated. The practice of boycott and blackmail that the United States was now inaugurating in UNCTAD would in the end boomerang. What was more important, however, was the significance of the attitude of the United States for the membership of UNCTAD as a whole. The representative of Japan had asked whether the success of the Conference was not more important to Cuba than the question of its venue. In fairness to all, the answer to that question should be sought from the United States. It could be asked, moreover, whether the United States was really interested in the success of UNCTAD and whether it wanted the sixth session of the Conference to take place at all. A number of important negotiations on economic matters were paralysed, irrespective of their venue, because of the negative attitude of the United States. These included the discussion on the global negotiations and the tenth session of the Third United Nations Conference on the Law of the Sea, both of which were being held in New York. Furthermore, if the dialogue on international economic co-operation was making no progress, and if there was no universal effort to solve the social and economic problems of mankind, it was in the first instance the responsibility of the United States.

306. The lack of interest of the United States in the work of UNCTAD was demonstrated by the fact that that country had voted at the first session of the Conference, in 1964, against nine of the fifteen General Principles recommended by the Conference. Among those which the United States had voted against were the first four Principles, relating to the sovereign equality of States, self-determination of peoples and non-interference in the internal affairs of other countries, absence of discrimination, the right freely to trade with other countries and the right of a country freely to dispose of its natural resources. At present, the United States was not only working against international economic co-operation, but was also assuming that it had a veto in the Board and was in fact blackmailing the Board. Cuba rejected such blackmail and was concerned regarding the future of UNCTAD and the United Nations itself, if the most elementary norms of international law were thus to be flouted. It was convinced that the Board, and in particular the Group of 77, would not accept pressure and ultimatums as instruments of negotiation.

307. Many delegations had suggested that the choice of the venue for UNCTAD VI should be made by consensus. However, it was not true to say that the venue of the Conference had always been the subject of a consensus decision, a case in point being the choice of Santiago for UNCTAD III. His delegation doubted that postponement of a decision by the Board on this matter would change the situation, as it doubted, in the light of experience, that the United States would change its attitude. Referring to the statement made by the representative of Somalia, he noted that Somalia had in the past been represented at international gatherings held at Havana. If Somalia did not wish to go to UNCTAD VI, if at Havana, because the United States would not go, that was its own problem.

308. The representative of the United States said that the statement just made by the representative of Cuba provided an eloquent demonstration of why Havana would not be a suitable venue for UNCTAD VI.

309. The representative of the USSR said that it was appropriate to ask whether the Board, in the light of its responsibility under General Assembly resolution 1995 (XIX) to serve as a preparatory committee for sessions of the Conference, and in particular to make recommendations as to the appropriate date and place for the convening of the Conference, had been able to carry out that function at its twentieth and twenty-first sessions. If, on such procedural matters, the Board was unable to carry out its functions, he wondered what the international community could expect of it when it came to substantive issues. The discussion in the Board had clearly shown who was responsible for creating obstacles regarding the procedural issue of the venue of UNCTAD VI. The Conference, in resolution 107 (V), had agreed that the Board should make a recommendation in this regard, bearing in mind the offer made by the Government of Cuba. That resolution had been endorsed by the General Assembly in its resolution 34/196, paragraph 26. The Government of Cuba had made its offer at the tenth special session of the Board and had reiterated it at Manila. That offer had received the approval of the majority of States members, including the Group of 77. Moreover, no alternative proposal had been heard from any member State at previous sessions of the Board. His country, as other countries of Group D, supported the offer of Cuba. It agreed with the analysis of the present situation, as described by the representative of Cuba. Naturally, all delegations should endeavour to co-operate with one another and reach consensus if possible. The situation at present, however, was that no member of Group B, with the exception of one country, had expressed an objection to the Cuban offer. The Group of 77, as a Group, appeared to maintain its support for the only proposal before the Board, namely that UNCTAD VI should be held at Havana. It was certainly unusual in UNCTAD to suggest that a consensus did not exist when only one delegation had raised an objection. He wondered how discussions on substantive issues might fare if such a principle of discrimination against a member State was to be accepted. The essential question now before the Board was not simply where UNCTAD VI should be held but rather whether the deliberations of the Board and the future of the international community in questions of economic co-operation, peace, security and disarmament should be subject to the whim of a certain State.

310. The representative of El Salvador said that universality within a framework of mutual understanding aimed at constructing a more just and equitable international society, specifically in international economic relations, was an essential feature of UNCTAD, without which it would lose its purpose. Negotiations in UNCTAD

proceeded in a flexible manner and in line with the universal character of the organization, with a view to achieving mutually acceptable solutions through individual and collective efforts. Given the present world situation, characterized by widespread crisis, the international community should refrain from taking up positions which might aggravate the situation. His delegation wished to reiterate that mutual respect and understanding were an essential basis for negotiations in UNCTAD. It had noted with particular interest the efforts of certain countries, individually or collectively, to find agreed solutions, for example to the problems of the North-South dialogue, as well as to those of the South-South dialogue between developing countries. Such efforts had to be fully supported by the entire UNCTAD membership. It would not wish this process to be interrupted; on the contrary, such a process should be vigorously pursued. Accordingly, it believed that any decision by the Board relating to the present agenda item should take into account the necessity of facilitating international efforts in the field of trade and development co-operation, the present world situation, the principle of mutual understanding, and the universal character of UNCTAD. That meant that a decision regarding the venue for UNCTAD VI should be adopted by consensus. Experience had shown that decisions adopted by other means had not always been the most appropriate. In addition, the most important matter involved in this issue for the Board was to ensure the success of the Conference. He added that the wording of Conference resolution 107 (V) made it clear that at Manila the Group of 77 had not supported the offer made by the Government of Cuba. Neither had that offer been endorsed by the Group of 77 at its Ministerial Meeting at Arusha. Furthermore, the offer had not received the support at Manila either of China or of other regional groups. In conclusion, he said that his delegation would not be able to accept a decision on the venue of UNCTAD VI unless it was taken by consensus.

Action by the Board

311. At its 550th meeting, on 17 March 1981, the Board decided that the matter of its recommendation to the General Assembly regarding the holding of the sixth session of the Conference in 1983, including the place and duration thereof, should be deferred to its twenty-third session. In making this recommendation, the Board would take into account the offer made by Cuba during its tenth special session to host the Conference, which had been reiterated at the fifth session of the Conference, as well as the discussion at the twenty-second session of the Board and the documents submitted to it 33/ (see annex I below, Other decisions (b)).

33/ Official Records of the Trade and Development Board, Twenty-second Session, Annexes, agenda item 6, documents TD/B/843 and TD/B/844.

CHAPTER VII

RATIONALIZATION OF THE PERMANENT MACHINERY OF UNCTAD (Agenda item 7)

312. At its twenty-first session the Board decided to deal further with this matter at its twenty-second session, having annexed to its report three draft resolutions submitted at its twentieth session on this subject, together with the draft resolution submitted by the Chairman of its sessional working group at the twenty-first session. At the 546th meeting, the Board decided that this agenda item should be considered initially in a subgroup of the Contact Group of the President.

313. The Board also had before it a report by the Secretary-General of UNCTAD (TD/B/840) on the results and consequences of the supplementary conference services provided to UNCTAD, prepared pursuant to paragraph 5 of its decision 221 (XXI).

314. In his opening statement (TD/B(XXII)/Misc.4) and in the written supplement thereto (TD/B(XXII)/Misc.3) the Secretary-General of UNCTAD, pursuant to paragraph 7 of the same decision, elaborated on the substantive and logistical implications of his suggestion concerning the annual concentration of sessions of main committees of the Board and reported on his further consultations with the Secretary-General of the United Nations concerning greater administrative flexibility for the UNCTAD secretariat.

315. References to this agenda item were also made in the general statements by regional groups and individual delegations (see chap. I above).

316. At the 552nd meeting, on 20 March 1981, the President reported on the consultations in the subgroup of the Contact Group and introduced a draft resolution (TD/B/L.586) and two draft decisions (TD/B/L.587 and TD/B/L.588) which he had submitted as a result of those consultations, drawing attention to the statement of administrative and financial implications of the draft resolution (TD/B/L.586/Add.1).

Action by the Board

317. At the same meeting, the Board, having noted the financial implications, ^{34/} adopted the draft resolution and the two draft decisions submitted by the President (for the text, see annex I below, resolution 231 (XXII) and decisions 232 (XXII) and 233 (XXII)). Draft resolutions TD/B(XX)/SC/L.1/Rev.1, TD/B(XX)/SC/L.2 and TD/B(XX)/SC/L.3 and Corr.1, together with draft resolution TD/B(XXI)/WC/L.5 and Add. 1-3, were withdrawn.

^{34/} For the statement of financial implications, see annex III below, sect. B.

318. The spokesman for the Group of 77 recalled that at the twenty-first session he had emphasized the importance which his Group attached to the issue of rationalization. In considering this issue, the Group of 77 had in mind a number of considerations which had served as a point of departure in the preparation of its own proposals. They had witnessed a rapid growth of the tasks and responsibilities of UNCTAD. The scope of activities undertaken by the permanent machinery and the ad hoc bodies showed the wide-ranging competence of the organization. UNCTAD had been the source of many bold and innovative ideas in the field of trade and development, and many basic concepts such as those embodied in the Declaration and the Programme of Action on the Establishment of a New International Economic Order 35/ had first been mooted in UNCTAD. UNCTAD had also provided a forum for deliberation, negotiation and review in the field of trade and development and had acquired extensive experience in that respect.

319. All that had been possible because UNCTAD had also been able to adapt itself, as an organization, to changing circumstances in terms both of institutional improvements and of issues before it. However, he believed that member States had come to realize that further, more comprehensive measures were needed in order to rationalize the machinery of UNCTAD and make it more effective. Since the Manila Conference major efforts in that direction had been made, and they had now succeeded in agreeing on a large number of measures designed to improve UNCTAD's machinery and methods of work, as well as its proceedings. The Group of 77 believed that the resolution just adopted constituted an important step forward in the process of rationalization, but as the resolution itself stated, the measures and recommendations it contained were just part of a continuing process of improving the effectiveness of UNCTAD.

320. He did not intend to comment in detail on the resolution, which had been the subject of intensive negotiation. His Group accepted all its provisions in good faith and expected all those concerned to implement them fully and expeditiously. Specifically on the question of consultations (section IX of the resolution), he noted that it had been agreed to strengthen and further improve the existing consultations and even to build upon them and evolve an informal consultative mechanism. In that connection, the resolution emphasized the role of representatives of interested member States, regional co-ordinators, office bearers and the Secretary-General of UNCTAD. So far as office bearers were concerned, the Group of 77 considered that the role of the President of the Board was very important, if not most important. His Group would like the President to have more regular consultations during his tenure of office with the members of the Board, regional co-ordinators and the Secretary-General of UNCTAD on ongoing activities and believed that appropriate services should be provided for such consultations.

321. He noted that a number of issues discussed during negotiations had not found a place in the resolution. Some of them had been discussed and settled in other United Nations forums, including the General Assembly. As for the few remaining ones, they had been set aside by mutual agreement for lack of time.

322. The Group of 77 expected that implementation of the resolution would result in the greater efficiency of UNCTAD, but all should understand that the rationalization was not an exercise which by itself would bring about greater efficiency or concrete results in terms of solving the substantive issues before UNCTAD. There could be perfect machinery but still no progress in substantive work. The main task was therefore to make full use of UNCTAD as a forum in which broad policies and guidelines should be translated into specific agreements which all countries agreed to implement. That indeed was the only rationale behind the exercise of rationalization.

35/ General Assembly resolutions 3201 (S-VI) and 3202 (S-VI).

323. Referring to the two decisions adopted, he expressed appreciation for the supplementary conference services provided by the United Nations Office at Geneva and hoped that the Board would find them satisfactory when it reviewed the situation at its twenty-fourth session.

324. The representative of the Libyan Arab Jamahiriya, expressing satisfaction with the adoption of the resolution, noted that his delegation had participated actively in the discussions and negotiations on rationalization from the time that the subject was first on the Board's agenda. The process of rationalization was one in which all groups, as well as the UNCTAD secretariat, had participated constructively, since all had felt it would enable the organization to perform its important role more effectively. Not all the issues that had been raised during the study of the question of rationalization were reflected in the resolution adopted and many were not covered as fully as in the discussions on them, although that in no way detracted from the importance of the resolution. During its long consideration of this matter States members of UNCTAD had had an opportunity to acquaint themselves with the various problems and difficulties impeding the work of UNCTAD. Although the resolution did not reflect all the issues that had been considered, the very fact that they had been raised and studied was evidence of the sincere effort that had been made to achieve solutions to outstanding problems.

325. His delegation looked to the Secretary-General of UNCTAD to take action within his competence on many points raised during the negotiations which were not reflected in the resolution. It was evident that some routine activities were not being carried out in the most efficient manner; it had also become apparent that there were relatively simple solutions to overcoming some of these shortcomings. He was pleased to note that the Secretary-General of UNCTAD had begun to support this view, inasmuch as in his opening statement he had indicated his intention of preparing a "World trade and development report", which was one of the subjects raised during the discussions on rationalization. He hoped that action would likewise be taken on certain other issues, such as the organizational structure of the UNCTAD secretariat, as well as other activities on which agreement had not been reached in negotiations. However, the mere fact that these issues had been raised and solutions proposed revealed a general desire to improve the effectiveness of UNCTAD and its machinery.

326. The representative of the Philippines recalled that in the last three paragraphs of its resolution 1995 (XIX) the General Assembly had provided for the review of institutional arrangements in UNCTAD with a view to recommending such changes and improvements in them as might be necessary. He therefore shared the view of those who preferred to talk about "improvement", rather than "rationalization", of the permanent machinery. One of the most important elements of the resolution which the Board had adopted concerned consultations (section IX of the resolution). Implementing the provisions for consultation would undoubtedly have to involve the permanent representatives at Geneva, whose presence was essential if the new informal consultative machinery was to be effective. It would also impose an additional burden on the Secretary-General of UNCTAD. Consultations carried out by the UNCTAD secretariat would be most successful if the Secretary-General personally were to chair them as frequently as possible and the permanent representatives likewise attended personally.

327. The spokesman for Group B said that her Group was very pleased that agreement had been reached on a series of measures designed to rationalize the permanent machinery of UNCTAD. Adoption of the resolution was an important step toward making UNCTAD a more effective and efficient organization. The resolution was the end-product of 18 months of work by a number of dedicated people some of whom were no longer in Geneva. Group B trusted that the same dedication and co-operative spirit which had made agreement on the resolution possible would prevail in its implementation, which would be the real test of success in rationalization.

328. The measures called for in the resolution represented a commendable basis for achievement of the common goal of strengthening UNCTAD as an organization. For example, paragraph 9 provided an effective way to organize future sessions of the Board so as to focus more attention on important issues. In addition, paragraph 19 provided a framework for more effective consideration of interrelated issues by the main committees in conjunction with the Board. Group B believed that these procedures, building upon decisions already taken in Conference resolution 11A (V), would provide an effective way to deal with current issues. As Group B had indicated in the consultations of the Secretary-General of UNCTAD of 4 March 1961, they were a preferred alternative to his own proposal.

329. Group B had also been pleased to join in the consensus on supplementary evening translation services, and hoped that the secretariat could ensure that the services described in section I of document TD/E/840 would continue to be provided, as needed, to facilitate work in UNCTAD. It believed, however, that those services, as well as all the measures agreed upon in the resolution on rationalization, should be carried out, to the extent possible within existing resources. That was surely a reasonable expectation, since economies should be achieved through the implementation of a number of measures envisaged in the resolution.

330. She added that Group B looked forward to receiving at the next session of the Board a report by the Secretary-General of UNCTAD on all possible ways of complying with paragraph 4 of General Assembly resolution 35/10 A. It hoped that it would be possible to comply with that resolution in a manner which would not undermine the decisions just taken to establish a stable calendar of meetings and to strengthen the Trade and Development Board. In particular, Group B believed that the best course of action might be for the report of the Board on its second regular session to be submitted annually as an addendum to the report on the first regular session, as envisaged in paragraph 4 of resolution 35/10 A.

331. The representative of the United States, endorsing the remarks by the spokesman for Group B, said that the United States delegation accepted paragraph 2 of the resolution on the understanding that pre-Conference documents prepared by the UNCTAD secretariat would be available to all member States and that the UNCTAD secretariat would continue to service only those pre-Conference meetings of regional groups which were held at Geneva Headquarters.

332. The United States delegation had also taken careful note of the statement of administrative and financial implications of resolution 231 (XXII) and trusted that all expenditures resulting from the implementation of the resolution would be balanced by offsetting reductions in costs through the implementation of other rationalization measures. It hoped that it would be possible for the secretariat to report to the Board after a suitable interval on savings that had been achieved through efforts at rationalization.

333. On the question of supplementary conference services, the United States delegation joined the consensus on the decision just adopted, in recognition of the importance of such services to the work in UNCTAD. It did so, however, in the expectation that those services would be discontinued during periods of slack conference activity and in the hope that the need for such services would decline if they succeeded in drastically reducing or eliminating night meetings in UNCTAD. The United States delegation also trusted that it would be possible to provide these supplementary conference services without any net increase in the United Nations conference-servicing budget.

334. The spokesman for Group D, speaking also on behalf of Mongolia, said that those countries had been pleased to join the consensus on the resolution and the two decisions, although they could have made a number of observations on some of the provisions of the resolution. The resolution was the result of intensive and lengthy negotiations and consultations in which the countries for which he spoke had actively participated and had shown the maximum possible amount of goodwill and flexibility.

335. In joining the consensus on the resolution they had been motivated by their interest in seeing UNCTAD function in the most efficient way and in ensuring that its activities had a real influence on the development of just and mutually advantageous trade and economic relations among all States, irrespective of differences in their socio-economic systems. They considered the agreement reached as an important step forward in the efforts to strengthen the role of UNCTAD in accordance with General Assembly resolution 1995 (XIX) and to improve the effectiveness and efficiency of its work. The measures agreed upon should now be implemented by member States and the Secretary-General of UNCTAD. The Group D countries and Mongolia reiterated their willingness to co-operate with all countries in the implementation of the agreed measures in the field of rationalization. Just as they had proceeded on the basis of consensus in negotiating the resolution, so should they in its implementation.

336. Group D and Mongolia had constantly maintained, and continued to maintain, that the rationalization of UNCTAD's machinery should be oriented towards:

- (a) The most effective use of the resources available to UNCTAD;
- (b) Strengthening the main permanent organs;
- (c) Reducing the number of expert groups and the duration of meetings, wherever possible and feasible;
- (d) Simplifying the system of subsidiary bodies of the Board and the main committees;
- (e) Improving the methods of work.

Rationalization should in no way depart from the basic principle of universality, which should be reflected in the composition of the secretariat, in the documentation prepared by it and in the activities of UNCTAD.

337. They firmly believed that rationalization should not lead to additional financial implications. On the contrary, it should enable member States and the secretariat to make the most rational and effective use of the resources available to UNCTAD - not only the financial and human resources but also the time and services available for UNCTAD meetings. He was pleased to note from the statement of financial implications of the resolution that there might even be some savings in the long run.

338. Although not all the issues contained in the draft resolution which Group D and Mongolia had submitted at the twentieth session had been taken care of in the resolution just adopted, they had agreed to withdraw it. In so doing, however, they had been guided by the following understanding:

(a) Since all three draft resolutions submitted at that session contained some provision requesting improvements in the management of the secretariat, they believed that the Secretary-General of UNCTAD would act accordingly;

(b) In accordance with relevant resolutions of the General Assembly, in particular resolution 35/210, all efforts should be made to ensure that the principle of equitable geographical distribution was strictly followed in the recruitment of UNCTAD staff, especially at the senior level;

(c) In the resolution just adopted the Board had decided to strengthen the Main Committees, including their negotiating function. Negotiating conferences should therefore only be convened when existing permanent bodies of UNCTAD were not adequate to handle the subject for negotiation. In his view, that was in full accordance with paragraph 1 of General Assembly resolution 35/10 C.

CHAPTER VIII

PROGRESS IN THE IMPLEMENTATION OF SPECIFIC ACTION RELATED TO THE PARTICULAR NEEDS AND PROBLEMS OF ISLAND DEVELOPING COUNTRIES

(Agenda item 9)

339. Pursuant to its resolution 223 (XXI), the Board had before it, for the consideration of this item, a report by the UNCTAD secretariat (TD/B/841) containing summaries of the main conclusions of studies carried out in UNCTAD and elsewhere in order to identify the special problems of island developing countries and proposals concerning the specific fields in which action could be taken by the United Nations in response to the needs of those countries.

340. The President drew attention to paragraph 5 of the resolution recommending that at its twenty-second session the Board consider future action, including the convening of an intergovernmental group of experts, to examine the specific problems of island developing countries.

341. In an introductory statement at the 550th meeting, on 17 March 1981, the representative of the Secretary-General of UNCTAD noted that the report by the UNCTAD secretariat concluded that there were a number of issues of interest to a sufficiently widespread group of island developing countries to be worth considering as areas for specific action by the United Nations system. An intergovernmental group of experts could usefully examine them in detail if the Board decided that such a meeting should be convened. Meanwhile, the secretariat was continuing its programme of in-depth studies as required by Conference resolution 111 (V), and it was providing technical assistance in response to requests from island developing countries.

342. The spokesman for the Group of 77, recalling General Assembly resolution 32/185 and Conference resolutions 98 (IV) and 111 (V), noted that the UNCTAD secretariat had carried out various in-depth studies as called for in those resolutions. The Secretary-General of UNCTAD had also convened, in October 1977, a Group of Experts on Feeder and Inter-Island Services by Air or Sea for Developing Island Countries. His Group considered that the Board should take a decision at the present session to convene an intergovernmental group of experts on island developing countries late in 1981 or early in 1982. The UNCTAD secretariat should be requested to consult fully with island developing countries and the subregional and regional organizations dealing with the problems confronting such countries, as well as the regional commissions of the United Nations and the regional development banks and other international organizations.

343. Drawing attention to paragraph 148 of the International Development Strategy for the Third United Nations Development Decade, which stated that "during the Decade, further specific action will be taken to assist developing island countries in offsetting major handicaps due to geographical and other constraints", he noted that at its thirty-fifth session the General Assembly had also approved an action programme in favour of island-developing countries. ^{36/} It had appealed for urgent and effective steps to be taken to implement specific actions in favour of island developing countries; invited the competent organizations of the United Nations system to take further measures as necessary to respond positively to their specific needs; and decided to undertake a comprehensive review of the implementation of the measures taken by the international community at its thirty-seventh session. UNCTAD should assist the General Assembly in this review.

^{36/} General Assembly resolution 35/61.

344. In his view, the report by the UNCTAD secretariat did not adequately identify those measures. The questions for consideration by an intergovernmental group of experts needed elaboration and should include, inter alia:

(a) The impact on the invisible earnings of island developing countries of their dependence for air transport on transnational corporations, which determined air fares, and their dependence for insurance on metropolitan corporations;

(b) Technological requirements;

(c) Particular requirements for rules of origin for products of export interest to island developing countries.

The secretariat should propose action-oriented measures to the intergovernmental group of experts. The Governments of the island developing countries should also seek assistance from UNDP and other sources for this purpose. His Group was submitting a draft decision on this agenda item. 37/

345. The representative of Malta, endorsing the foregoing remarks, said he felt that the report by the UNCTAD secretariat lacked sympathy for the concept of island developing countries. The analysis of many of the constraints which had been accepted by the international community as real handicaps for such countries had not been sufficiently elaborated in that report to bring out either the real nature of the problems created by those constraints or an identification of the remedial action which was required. This frustrating characteristic of leaving useful points hanging in mid-air was evident throughout the report. That clearly showed that if UNCTAD was to take up seriously the problems and needs of island developing countries, as called for in resolutions of the General Assembly and in the International Development Strategy for the Third United Nations Development Decade, as well as in Conference resolutions 98 (IV) and 111 (V), then interested countries needed to discuss and examine those specific needs and problems. The island developing countries had not as yet had an opportunity to ensure that their over-all problems were treated in a substantive manner in UNCTAD, the forum chosen by the General Assembly, in its resolution 32/185, to deal with their specific problems. An intergovernmental group of experts should therefore be convened in order to identify the concrete measures for the programme adopted in Conference resolution 111 (V) and called for in the International Development Strategy.

346. The representative of the Philippines, also endorsing the remarks by the spokesman for the Group of 77, stressed the special problems of archipelagic island developing countries such as his own and urged that if and when the intergovernmental group of experts was convened it should devote some attention to the problems of such countries.

347. The representative of Cuba, also endorsing the statement by the spokesman for the Group of 77, recognized that the UNCTAD secretariat was short of resources for work not only on island developing countries but also on other categories of countries. She urged that the Board decide to convene an intergovernmental group of experts.

348. The spokesman for Group B stated that, while he would arrange for the draft decision referred to by the spokesman for the Group of 77 to be considered in Group B, he was constrained to express his concern at the late submission of a text for consideration by the Board, quite apart from the substance of the matter.

37/ Subsequently circulated as document TD/B/L.589.

Action by the Board

349. At its 552nd meeting, on 20 March 1981, the Board decided to remit draft decision TD/B/L.589 to its twenty-fourth session for further consideration and to include this item in the provisional agenda of that session. (For the text of the draft decision, see annex II below.)

350. The representative of Jamaica expressed concern at the way in which the question of island developing countries had been treated within the permanent machinery of UNCTAD. He noted that it had been before the Board for a number of years and that the subject had been given particular attention in the International Development Strategy for the Third United Nations Development Decade adopted by the General Assembly, as well as in General Assembly resolution 32/185 and Conference resolution 111 (V). He suggested that, as the subject was to be taken up again at the twenty-fourth session of the Board, the UNCTAD secretariat should consult with Governments of member States particularly interested in it, and also with the Committee for Development Planning. He hoped that the documentation on this subject at the twenty-fourth session would be of better quality and that there would be a more serious discussion of it by members of the Board on that occasion.

CHAPTER IX

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

(Agenda items 1, 10, 11 and 12)

A. Opening of the session

351. The twenty-second regular session of the Trade and Development Board was opened by the outgoing President of the Board, Mr. M. Orcibi (Libyan Arab Jamahiriya). 38/

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

352. At its 545th meeting, on 9 March 1981, the Board elected as its President Mr. P.H.R. Marshall (United Kingdom of Great Britain and Northern Ireland) 39/ and as its Rapporteur Mr. C.A. Barros-Oreiro (Uruguay).

353. At its 546th meeting, also on 9 March 1981, the Board elected seven of its Vice-Presidents: Mr. O. Birido (Sudan), Mr. W-K. Chagula (United Republic of Tanzania), Mr. F.J.C. Klinkenbergh (Netherlands), Mr. J. Nyerges (Hungary), Mr. F. Suzuki (Japan), Mr. M. Trucco (Chile) and Mr. B. Utheim (Norway).

354. At its 547th meeting, on 10 March 1981, the Board completed its Bureau by electing as Vice-Presidents: Mr. H.A. Dabbagh (Kuwait), Mr. S.A. Khasru (Bangladesh) and Mr. G. Krasnov (USSR).

355. The Bureau of the Board elected at its twenty-second session was thus as follows:

President: Mr. P.H.R. Marshall (United Kingdom of Great Britain and Northern Ireland)

Vice-Presidents: Mr. O. Birido (Sudan)
Mr. W-K. Chagula (United Republic of Tanzania)
Mr. H.A. Dabbagh (Kuwait)
Mr. S.A. Khasru (Bangladesh)
Mr. F.J.C. Klinkenbergh (Netherlands)
Mr. G. Krasnov (USSR)
Mr. J. Nyerges (Hungary)
Mr. F. Suzuki (Japan)
Mr. M. Trucco (Chile)
Mr. B. Utheim (Norway)

Rapporteur: Mr. C.A. Barros-Oreiro (Uruguay)

38/ For the statement by the outgoing President, see para.1 above.

39/ For the statement by the President upon his election, see paras. 2-5 above.

C. Announcement of changes in the membership of the Board
(Agenda item 10 (b))

356. At the 546th meeting, on 9 March 1981, the President announced that no communications had been received since its twenty-first session by the Secretary-General of UNCTAD concerning membership of the Board. Accordingly, the membership of the Board remained as at the close of that session, i.e. 122 States. 40/

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

357. At its 546th meeting, on 9 March 1981, the Board adopted as its agenda for the twenty-second session the provisional agenda approved by the Board at its twenty-first session, 41/ as adjusted by the President of the Board in consultation with the Secretary-General of UNCTAD (TD/B/832), introducing a number of subitems into item 8. The agenda as adopted was thus as follows (TD/B/842):

1. Procedural matters:
 - (a) Election of officers;
 - (b) Adoption of the agenda and organization of the work of the session;
 - (c) Adoption of the report on credentials;
 - (d) Provisional agenda for the twenty-third regular session of the Board and organization of the work of the session.
2. Specific matters arising from the resolutions, recommendations and other decisions adopted by the Conference at its fifth session requiring attention or action by the Board at its twenty-second session.
3. Evaluation of the world trade and economic situation and consideration of issues, policies and appropriate measures to facilitate structural changes in the international economy, taking into account the interrelationships of problems in the areas of trade, development, money and finance with a view to attaining the establishment of a new international economic order and bearing in mind the further evolution that may be needed in the rules and principles governing international economic relations.
4. Interdependence of problems of trade, development finance and the international monetary system.
5. Implementation of Trade and Development Board resolution 165 (S-IX) on the debt and development problems of developing countries.

40/ For the membership of the Board at the close of the twenty-first session see Official Records of the General Assembly, Thirty-fifth Session, Supplement No. 15 (A/35/15), vol. II, annex V.

41/ Official Records of the General Assembly, Thirty-fifth session, Supplement No. 15 (A/35/15), vol. II, annex III.

6. Sixth session of the United Nations Conference on Trade and Development: place, date and duration.
7. Rationalization of the permanent machinery of UNCTAD.
8. Matters requiring action by the Board arising from or related to reports and activities of its subsidiary and other bodies:
 - (a) Commodity trade;
 - (b) Financing related to trade;
 - (c) Shipping;
 - (d) Transfer of technology;
 - (e) Medium-term plan and programme budget.
9. Progress in the implementation of specific action related to the particular needs and problems of island developing countries.
10. Institutional, organizational, administrative and related matters:
 - (a) Treatment of new States members of UNCTAD for purposes of elections;
 - (b) Announcement of any changes in the membership of the Board and election to membership of main Committees;
 - (c) Designation of intergovernmental bodies for the purposes of rule 78 of the rules of procedure;
 - (d) Designation and classification of non-governmental organizations for the purposes of rule 79 of the rules of procedure;
 - (e) Review of the calendar of meetings;
 - (f) Financial implications of the actions of the Board.
11. Other business.
12. Adoption of the report of the Board to the General Assembly.

358. Also at the 546th meeting, the Board broadly endorsed the suggestions made by the secretariat for the organization of the work of the session (TD/B/832/Add.1), including a tentative time-table of meetings, and decided to establish a sessional committee of the whole to consider and report on agenda item 2 (Specific matters arising from the resolutions, recommendations and other decisions adopted by the Conference at its fifth session requiring attention or action by the Board at its twenty-second session) ^{42/} and agenda item 8 (Matters requiring action by the Board arising from or related to reports and activities of its subsidiary and other bodies).

^{42/} Except for Conference resolution 131 (V), which would be considered in plenary.

359. The Sessional Committee held eight meetings, from 10 to 19 March 1981. At its first meeting, on 10 March 1981, Mrs. C. Sellami-Meslem (Algeria) was elected Chairman and Mr. T. Beyazov (Bulgaria) was elected Vice-Chairman-cum-Rapporteur.

360. At its closing meeting, on 19 March 1981, the Sessional Committee considered its draft report (TD/B(XXII)/SC/L.1 and Add.1-2) and adopted it with a number of amendments.

361. At the 552nd meeting of the Board, on 20 March 1981, the Chairman of the Sessional Committee introduced the report of the Committee (TD/B(XXII)/SC/L.1 and Add.1-2), as amended and completed by TD/B/L.590, indicating that the Sessional Committee had taken note of all the reports referred to it under agenda item 8 and had endorsed the resolutions and other decisions adopted by the bodies concerned.

362. The President of the Board drew attention to certain amendments which it had been agreed should be made to the report since its adoption by the Committee.

363. At the same meeting the Board adopted the report of the Sessional Committee, as amended, for incorporation as appropriate in its own report. 43/

364. Also at the 552nd meeting the spokesman for Group B said that his Group wished to express its appreciation to the UNCTAD secretariat for the efforts it had made to ensure that documentation for the session was available in time. It hoped that this performance would be matched for future sessions.

E. Adoption of the report on credentials (Agenda item 1 (c))

365. At its 551st meeting, on 13 March 1981, the Board adopted the report of the Bureau on credentials (TD/B/845).

F. Membership and attendance 44/

366. The following States members of UNCTAD, members of the Board, were represented at the session:

Algeria	Central African	Egypt
Argentina	Republic	El Salvador
Australia	Chile	Ethiopia
Austria	China	Finland
Bangladesh	Colombia	France
Belgium	Costa Rica	Gabon
Bolivia	Cuba	German Democratic Republ
Brazil	Cyprus	Germany, Federal
Bulgaria	Czechoslovakia	Republic of
Burundi	Democratic Yemen	Ghana
Byelorussian Soviet Socialist	Denmark	Greece
Republic	Dominican Republic	Guatemala
Canada	Ecuador	Honduras

43/ The substance of the report of the Sessional Committee is incorporated in chaps. III and V above.

44/ For the list of participants in the session, see TD/B/INF.108.

Hungary	Morocco	Sweden
India	Netherlands	Switzerland
Indonesia	New Zealand	Syrian Arab Republic
Iran	Nicaragua	Thailand
Iraq	Nigeria	Trinidad and Tobago
Ireland	Norway	Tunisia
Israel	Oman	Turkey
Italy	Pakistan	Uganda
Ivory Coast	Panama	Ukrainian Soviet Socialist Republic
Jamaica	Peru	Union of Soviet Socialist Republics
Japan	Philippines	United Arab Emirates
Jordan	Poland	United Kingdom of Great Britain and Northern Ireland
Kenya	Portugal	United Republic of Tanzania
Kuwait	Qatar	United States of America
Lebanon	Republic of Korea	Upper Volta
Libyan Arab Jamahiriya	Romania	Uruguay
Liechtenstein	Saudi Arabia	Venezuela
Luxembourg	Senegal	Viet Nam
Madagascar	Singapore	Yemen
Malaysia	Somalia	Yugoslavia
Malta	Spain	Zaire
Mauritius	Sri Lanka	
Mexico	Sudan	
Mongolia	Suriname	

367. The following other States members of UNCTAD were represented at the session:
Holy See; Rwanda.

368. The United Nations Industrial Development Organization and the United Nations Development Programme were represented at the session. The International Trade Centre UNCTAD/GATT was also represented.

369. 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

The General Agreement on Tariffs and Trade was also represented.

370. The following intergovernmental organizations were represented at the session:

Arab Federation of Shipping
Council for Mutual Economic Assistance
European Economic Community
European Free Trade Association
League of Arab States
Organisation for Economic Co-operation and Development
Organization of American States
Permanent Secretariat of the General Treaty on Central American Economic
Integration

371. The following non-governmental organizations were represented at the session:

General category:

Afro-Asian People's Solidarity Organization
Christian Democratic World Union
Friends World Committee for Consultation (Quakers)
General Union of Chambers of Commerce, Industry and Agriculture of Arab States
International Bar Association
International Chamber of Commerce
International Christian Union of Business Executives
International Confederation of Free Trade Unions
International Co-operative Alliance
International Law Association
Women's International League for Peace and Freedom
World Confederation of Labour
World Federation of Trade Unions
World Peace Council

372. The Palestine Liberation Organization participated pursuant to General Assembly resolution 3237 (XXIX); the African National Congress of South Africa participated pursuant to General Assembly resolution 3280 (XXIX); the South West African People's Organization participated pursuant to General Assembly resolution 31/152.

G. Designation of intergovernmental bodies for the purposes of rule 78 of the rules of procedure (Agenda item 10 (c))

373. At its 550th meeting, on 17 March 1981, the Board decided that the following bodies which had applied for designation under rule 78 of the rules of procedure of the Board and rule 80 of the rules of procedure of the Conference should be so designated 45/ (see annex I below, Other decisions (a)):

Ministerial Conference of West and Central African States on Maritime Transport
Intergovernmental Committee for Migration
Arab Monetary Fund

45/ The applications by these intergovernmental bodies, together with information on their history, aims and structure, are contained in documents TD/B/R.24 and Add.1-3 (derestricted).

374. At the same meeting the Board noted changes in the names of two intergovernmental bodies already designated by the Board:

Latin American Integration Association (formerly Latin American Free Trade Association)

Arab Industrial Development Organization (formerly Industrial Development Centre for Arab States).

375. At its 552nd meeting, on 20 March 1981, the Board agreed, exceptionally, to consider at the second part of its twenty-second session a request for designation from the Arab Fund for Technical Assistance for African and Arab Countries if, after examination of the statutes of the Fund and the supporting material, the Secretary-General of UNCTAD considered that the application should be brought to its attention.

H. Election to membership of main committees (Agenda item 10 (b))

376. At its 550th meeting, on 17 March 1981, the Board confirmed the membership of its main committees as listed in its report on its twenty-first session, 46/ and declared Yemen elected to all six main Committees of the Board; Sudan elected to the Committee on Shipping; and Somalia elected to the Committee on Transfer of Technology. 47/

I. Arrangements for the review and appraisal of the implementation of the International Development Strategy for the Third United Nations Development Decade (Agenda item 11)

377. At the 552nd meeting of the Board, on 20 March 1981, the President stated that he had had informal consultations on General Assembly resolution 35/56 containing the text of the new International Development Strategy, which made provision for contributions by UNCTAD, within its sphere of competence, to the process of review and appraisal. He introduced a draft decision that he had submitted on that subject (TD/B/L.591).

Action by the Board

378. At the same meeting, the Board adopted the draft decision submitted by the President (for the text, see annex I below, decision 234 (XXII)).

J. Review of the calendar of meetings (Agenda item 10 (c))

379. Under this item, the Board had before it a note by the UNCTAD secretariat (TD/B/L.533 and Add.1-2) containing a revised calendar of meetings for the remainder of 1981 and tentative schedule for 1982.

46/ Official Records of the General Assembly, Thirty-fifth Session, Supplement No. 15 (A/35/15), vol. II, annex VI.

47/ For the complete list of States members of the main committees at the close of the first part of the twenty-second session, see annex VI below.

380. At the 552nd meeting, on 20 March 1981, the representative of the Secretary-General of UNCTAD drew attention to a number of adjustments to be made in the draft calendar for the remainder of 1981 and tentative schedule for 1982, which had been submitted to the Board, in the light of later developments and of decisions by the Board during the session. He noted that the draft calendar for 1981 conformed to the principle contained in paragraph 24 (a) of resolution 231 (XXII), which the Board had just adopted, that no more than two UNCTAD meetings should be held simultaneously.

381. He indicated that the Secretary-General of UNCTAD was in the process of carrying out consultations on the question of further preparatory work on copper. The consultations were informal in character and were being undertaken initially with selected leading copper-producing countries. It was intended to extend the consultations to other countries as and when warranted, and all Governments would be informed of their outcome.

382. The President stated that, during his informal consultations, the representative of Saudi Arabia had pointed out certain inconveniences with regard to the dates of some meetings in the draft calendar because they coincided with Islamic holidays. The matter would be taken up at the next consultations of the Secretary-General of UNCTAD on the calendar of meetings and the secretariat would take it into account in relation to future calendars of meetings.

Action by the Board

383. At the same meeting, the Board approved a revised calendar of meetings for the remainder of 1981 and a revised tentative schedule for 1982 (see annex I below, decision 235 (XXII)).

384. The spokesman for Group B stated that his Group had accepted the revised calendar without prejudice to its well-known view with respect to the second session of the Meeting of Governmental Experts of Developing Countries on Economic Co-operation among Developing Countries and the second session of the Ad hoc Intergovernmental High-level Group of Experts on the Evolution of the International Monetary System.

385. The representative of Saudi Arabia said that, in view of the lateness of the hour and of the technical difficulties involved in modifying the calendar, he had joined in the consensus on it. However, he requested the Secretary-General of UNCTAD to bear in mind, at the next consultations on the calendar, that 30-31 July and 7-9 October were Islamic holidays in 1981. He also requested that, when future calendars were drawn up, it should be ensured that no meetings were scheduled during Islamic holidays, in order to enable the Islamic countries to participate fully in the work of UNCTAD.

K. Provisional agenda for the twenty-third regular session of the Board and organization of the work of the session (Agenda item 1 (d))

386. The draft provisional agenda for the twenty-third regular session was before the Board in a note by the UNCTAD secretariat (TD/B/L.535).

387. In its consideration of the draft provisional agenda at the 552nd meeting, on 20 March 1981, the Board confirmed that item 3 (Evaluation of the world trade and economic situation ...) should be retained and it revised the wording of item 5. It completed the wording of item 6 in the light of its decision on agenda item 6 at the present session (see paragraph 311 above and annex I below) and decided, in the light of the adoption of decision 234 (XXII) (see paragraph 370 above and annex I below), to include an item entitled "Arrangements for the review and appraisal of the implementation of the International Development Strategy for the Third United Nations Development Decade".

Action by the Board

388. At the same meeting, the Board approved the provisional agenda for the twenty-third regular session contained in document TD/B/L.585, as amended above (see annex IV below), authorizing the President, in consultation with the Secretary-General of UNCTAD, to adjust it in the light of developments. The Board also requested the Secretary-General of UNCTAD to consult with delegations regarding the organization of work of the session and to circulate his suggestions thereon.

L. Financial implications of the actions of the Board (Agenda item 10 (f))

389. In connection with two resolutions adopted by the Board the UNCTAD secretariat submitted, under rule 31 of the rules of procedure, statements concerning the financial implications of the actions proposed. 48/

M. Adoption of the report of the Board to the General Assembly (Agenda item 12)

390. At its 552nd meeting, on 20 March 1981, the Board adopted the draft report on the first part of its twenty-second session (TD/B/L.584 and Add.1-5), with a number of amendments, and authorized the Rapporteur to complete the report as appropriate and to make any necessary editorial changes.

N. Adjournment of the session

391. At the 552nd meeting, on 20 March 1981, the President declared adjourned the twenty-second session of the Trade and Development Board, which would resume on 11 May 1981 to consider agenda item 8 (e) (Medium-term plan and programme budget).

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

ANNEX I

Resolutions and decisions adopted by the Trade and Development Board
at the first part of its twenty-second session

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RESOLUTIONS AND DECISIONS ADOPTED BY THE TRADE AND DEVELOPMENT
BOARD AT THE FIRST PART OF ITS TWENTY-SECOND SESSION

RESOLUTIONS

226 (XXII). Protectionism and structural adjustment

The Trade and Development Board,

Recalling resolution 131 (V) of 3 June 1979 of the United Nations Conference on Trade and Development,

Noting that the Board, in its decision 217 (XX) of 25 March 1980, decided, in accordance with section A of Conference resolution 131 (V), to carry out annually a review of patterns of production and trade in the world economy and further decided, in accordance with section B of that resolution, to continue to review, at the sessions of the Board and its appropriate subsidiary bodies, developments involving restrictions of trade,

Bearing in mind the work in these areas being undertaken by other organizations, such as the United Nations Industrial Development Organization, the Food and Agricultural Organization of the United Nations, the International Labour Organisation and GATT,

1. Decides to establish a sessional committee at the twenty-fourth session of the Board and annually thereafter at its first regular session:

(a) To carry out the annual review of the patterns of production and trade in the world economy as provided for in section A of Conference resolution 131 (V), "Policies and measures for structural adjustment related to trade"; this annual review will analyse, inter alia, long-term trends and, in this context, significant changes in the global patterns of trade and production; such reviews would be undertaken with a view to identifying elements or problems most relevant, in the light of the dynamics of comparative advantage, to the attainment of optimum over-all economic growth, including the development and diversification of the economies of developing countries and an effective international division of labour;

(b) Together with the subsidiary bodies concerned, to continue to review developments involving restrictions of trade, as provided for in section B of Conference resolution 131 (V), "Policies and measures to deal with the problem of protectionism", with a view to examining and formulating appropriate recommendations concerning the general problem of protectionism;

2. Requests the Secretary-General of UNCTAD to submit:

(a) For the review under paragraph 1 (a) above, a comprehensive, factual and analytical study, annually, of trends of population, imports and exports of all countries, taking into consideration relevant available information, including

general policies, and covering a period of time sufficiently long to enable an evaluation of changes in the world economy and all trade of relevance to developing countries, in accordance with section A of Conference resolution 131 V);

(b) Factual and analytical studies on restrictions of trade, including the inventory of non-tariff barriers affecting the trade of developing countries, in accordance with section B of Conference resolution 131 (V).

552nd meeting
20 March 1981

227 (XXII). Development aspects of the reverse transfer of technology

The Trade and Development Board

1. Endorses resolution 13 (III) of 28 November 1980 on development aspects of the reverse transfer of technology adopted by the Committee on Transfer of Technology;

2. Decides to authorize the Secretary-General of UNCTAD to convene, no earlier than three months after a comprehensive study of the feasibility of measuring human resource flows has been submitted to Governments of member States for comments, an intergovernmental group of experts to examine the feasibility of measuring human resource flows, and requests the Secretary-General of UNCTAD to invite the relevant United Nations bodies to participate in the intergovernmental group of experts;

3. Decides also that the report of the intergovernmental group of experts should be submitted to the Committee on Transfer of Technology at its fourth session.

552nd meeting
20 March 1981

228 (XXII). Restrictive business practices

The Trade and Development Board,

Recalling that the United Nations Conference on Trade and Development, in resolution 103 (V) of 30 May 1979, requested the United Nations Conference on Restrictive Business Practices to make recommendations through the General Assembly to the Trade and Development Board in respect of institutional aspects concerning future work on restrictive business practices within the framework of UNCTAD, bearing in mind the work done in this field elsewhere in the United Nations,

Recalling further that the General Assembly, in unanimously adopting in its resolution 35/63 of 5 December 1980 the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices, ^{a/} approved by the United Nations Conference on Restrictive Business Practices, took note of the recommendations of the United Nations Conference on Restrictive Business Practices,

^{a/} TD/RBP/CONF/10/Rev.1 (United Nations publication, Sales No. E.81.II.D.5), sect. IV.

regarding international institutional machinery, as contained in section G of the Set of Principles and Rules, and requested the Trade and Development Board, at its twenty-second session, to establish an intergovernmental group of experts on restrictive business practices, operating within the framework of a committee of UNCTAD to perform the functions designated in that section,

Noting that the General Assembly decided to convene, in 1985, under the auspices of UNCTAD, a United Nations conference to review all aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices;

1. Decides to establish an Intergovernmental Group of Experts on Restrictive Business Practices, which shall meet as often as necessary but at least once a year;

2. Instructs the Intergovernmental Group of Experts to perform the functions designated in section G of the Set of Principles and Rules and, in this connection, to submit reports at least once a year on its work to the Board, through the Committee on Manufactures when practicable and appropriate, and otherwise directly to the Board;

3. Requests the Secretary-General of UNCTAD to provide the Intergovernmental Group of Experts with all appropriate substantive and technical support through the existing services and structure of the secretariat.

552nd meeting
20 March 1981

230 (XXII). Transfer, application and development of technology: issues in individual sectors and other areas of importance to developing countries

The Trade and Development Board,

Recalling paragraph 24 of resolution 112 (V) of 3 June 1979 of the United Nations Conference on Trade and Development, requesting the Secretary-General of UNCTAD, in co-operation with the United Nations Industrial Development Organization and other relevant United Nations bodies, to organize and convene between the fifth and sixth sessions of the Conference up to three meetings of experts in order to identify problems and issues concerning the transfer, application and development of the technologies relating to the following areas and sectors: food processing, energy, capital goods and industrial machinery, subject to approval by the Board and subject to the principles set out in paragraph 23 of the above-mentioned resolution,

1. Requests the Secretary-General of UNCTAD, in co-operation with the United Nations Industrial Development Organization and other relevant United Nations bodies, to convene up to two meetings of governmental experts on food processing and on capital goods and industrial machinery, with the following terms of reference:

(a) To consider studies submitted to them and the views and comments thereon by Governments and relevant United Nations bodies;

(b) To identify and examine in depth the problems and issues concerning the transfer, application and development of technology in the individual sectors mentioned above, taking into account the interrelationships between the technological needs and development objectives of the developing countries, and to make recommendations thereon for consideration by the Committee on Transfer of Technology; and

(c) To report to the Committee on Transfer of Technology at its fourth session;

2. Decides to consider at its twenty-third session the timing and terms of reference, similar to those outlined in paragraph 1 above, for a meeting of governmental experts on energy;

3. Decides that the meetings of governmental experts should be open to participation by all States members of UNCTAD and by competent intergovernmental organizations in accordance with rule 78 of the rules of procedure of the Trade and Development Board, and requests the Secretary-General of UNCTAD to invite the relevant United Nations bodies to participate in the preparation and organization of the meetings;

4. Further requests the Secretary-General of UNCTAD, in consultation and co-operation with other relevant United Nations bodies, in particular the United Nations Industrial Development Organization, to continue to prepare, compile and complete studies, within existing resources, on main issues relating to the transfer, application and development of technology in other sectors and areas of critical importance to developing countries, as earlier requested by the Committee on Transfer of Technology and by the Conference, as specified in paragraphs 23-26 of Conference resolution 112 (V).

552nd meeting
20 March 1981

231 (XXII). Rationalization of the permanent machinery of UNCTAD

The Trade and Development Board,

Recalling General Assembly resolution 1995 (XIX) of 30 December 1964, as amended,

Recognizing the major and evolving role of UNCTAD as an organ of the General Assembly for deliberation, negotiation, review and implementation in the field of international trade and related issues of international economic co-operation,

Recognizing further that UNCTAD has a major role to play in the achievement of the objectives of General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of May 1974, 3281 (XXIX) of 12 December 1974 and 3362 (S-VII) of 16 September 1975, and in the periodic evaluation of progress accomplished in this regard, and that appropriate steps should be taken to improve its own effectiveness in order to enable it better to fulfil this role,

Confirming the importance that all States members attach to the responsibilities flowing from the mandate of UNCTAD,

Reaffirming that appropriate steps should be taken to improve the effectiveness and responsiveness of UNCTAD in order that it should more effectively and efficiently fulfil its important role,

Aware of the urgent need to take measures for harmonization, rationalization and co-ordination in a systemic manner so as to maximize the effectiveness of UNCTAD,

Recalling in this connection resolutions 90 (IV) of 30 May 1976 and 114 (V) of 3 June 1979 of the United Nations Conference on Trade and Development as well as Board resolution 207 (XIX) of 23 November 1979 and Board decisions 194 (XIX) of 20 October 1979 and 210 (XX) of 25 March 1980,

Recalling also General Assembly resolution 32/197 of 20 December 1977, on the restructuring of the economic and social sectors of the United Nations system, as well as resolution 33/154 of 20 December 1978 and decision 34/401 of 21 September, 25 October, 29 November and 12 December 1979 of the General Assembly,

Having considered the reports of the Ad Hoc Intergovernmental Committee on the Rationalization of UNCTAD's Machinery, b/

Decides to adopt the measures and recommendations set out below as a part of a continuing process of improving the effectiveness of UNCTAD:

I. ORGANIZATION OF THE SESSIONS OF THE CONFERENCE

Bearing in mind the functions of the Conference as laid down in General Assembly resolution 1995 (XIX), as amended,

1. Emphasizes the following main tasks for future sessions of the Conference:
 - (a) To promote, direct and facilitate the work of the permanent machinery of UNCTAD;
 - (b) To achieve solutions in negotiations facing deadlock within UNCTAD;
 - (c) To review recent developments and long-term trends in international trade and related areas of international economic co-operation;
 - (d) To act on such recommendations as are made to it by the permanent machinery;
 - (e) To generate new ideas;
 - (f) To set new guidelines and/or to launch new programmes;
 - (g) To assess the progress reached in implementing the recommendations, declarations, resolutions and other decisions of the Conference;

b/ TD/B/AC.30/R.1 (report on the first session) and TD/B/AC.30/4 (report on the second session), circulated under cover of document TD/B/786 (reproduced in Official Records of the Trade and Development Board, Twentieth Session, Annexes, agenda item 7).

2. Reaffirms that very thorough preparation and timely availability of documents is a prerequisite to the success of the Conference, and that adequate consultations and preparation among the regional groups should take place before the opening of sessions of the Conference;

3. Decides that the Trade and Development Board, when acting as a preparatory Committee for sessions of the Conference, should, inter alia, make appropriate recommendations concerning the organization of these sessions and on the utilization of the presence of ministers in the most effective manner; to this effect, the Board should take into account, inter alia, the following alternative proposals:

(a) The first week or days of Conference sessions should be given to meetings of high-level officials who would, on the basis of the preparatory work done as set out in paragraph 2 above, prepare a technically sound negotiating document incorporating the major political and economic issues requiring ministerial decision; ministers might therefore wish to make their policy or other relevant statements bearing in mind the document prepared for them by the high-level officials or experts, on which they might wish to negotiate among themselves and thus might enable the session of the Conference to be concluded by the ministers themselves;

(b) Sessions of the Conference should be carefully prepared by the Board, which would prepare a technically sound negotiating document incorporating the major political and economic issues requiring ministerial decision; at the Conference, ministers might wish to make their statements bearing in mind the issues outlined in the above-mentioned document;

II. TRADE AND DEVELOPMENT BOARD

Bearing in mind the functions of the Trade and Development Board as laid down in General Assembly resolution 1995 (XIX), as amended,

4. Stresses that the Trade and Development Board, which acts for the Conference between sessions of the latter, has the role of monitoring, guiding and supervising the organization's activities as one of its main functions;

5. Reaffirms that the Trade and Development Board has a major and evolving role to play in fulfilling the mandate of UNCTAD as the main organ of the Conference for deliberation, negotiation, review and implementation in the field of international trade and related issues of international economic co-operation;

6. Decides that, in the exercise of its decision-making functions, the Trade and Development Board should, with a view to achieving solutions, deal in particular with issues where ongoing negotiations in subsidiary bodies and/or ad hoc bodies created by the Conference or by the Board have reached an impasse;

7. Decides further that the co-ordinating function of the Trade and Development Board should be strengthened in order to give its subsidiary bodies more effective guidance and ensure an over-all coherence among their varied activities;

8. Decides also to consider, taking into account where appropriate the views and experiences of relevant bodies of the United Nations system, evaluation procedures and mechanisms in UNCTAD, and to decide on ways and means as to how

effective evaluation could be achieved and strengthened, taking into account the special responsibilities of UNCTAD, such as negotiations;

9. Decides in addition:

(a) That the first few days of the two regular sessions of the Board each year should be used for housekeeping and customary review of routine recurrent agenda items; the remaining part of both regular sessions of the Board should be used for deliberation and negotiation of a few and carefully selected substantive issues;

(b) That agenda items which are to be considered annually by the Board should, to the extent possible, be evenly allocated between the first and second sessions each year;

(c) That the agenda for each regular session should be more selective in order to deal with key issues in particular, as well as with important cross-sectoral issues;

10. Reaffirms that the Trade and Development Board shall continue to establish such subsidiary organs as may be necessary to the effective discharge of its functions, including negotiations, in accordance with General Assembly resolution 1995 (XIX), as amended;

III. WORKING PARTY ON THE MEDIUM-TERM PLAN AND
THE PROGRAMME BUDGET

11. Decides to request the Working Party on the Medium-term Plan and the Programme Budget:

(a) To examine ways and means of improving its effectiveness and to prepare recommendations to that effect for submission to the Trade and Development Board at its twenty-fourth session;

(b) To consider an annual report prepared by the Secretary-General of UNCTAD summarizing all the technical assistance activities of UNCTAD and their financing from all sources;

12. Requests the Working Party on the Medium-term Plan and the Programme Budget to consider the desirability of including programme evaluation in its functions;

13. Considers that evaluation in selected fields of UNCTAD could be pursued, while at the same time further efforts should be made to develop operational systems for programme evaluation;

14. Recommends consequently:

(a) That the UNCTAD secretariat give its support to the current efforts undertaken by the United Nations Office for Programme Planning and Co-ordination to develop a more satisfactory approach to and methodology for programme evaluation, taking into account the particular characteristics of the activities of UNCTAD and, in particular, of the negotiations in UNCTAD;

(b) That the United Nations Office for Programme Planning and Co-ordination submit to the Working Party, at its fifth or sixth session, a progress report on the results achieved in developing a general methodology for programme evaluation, in particular regarding the operational modalities for applying programme evaluation;

IV. MAIN COMMITTEES

15. Decides to strengthen the main Committees, including their negotiating function;

16. Decides also to request the main Committees to review regularly the elaboration of their work programmes and the implementation of their decisions;

17. Decides further that detailed discussions and negotiations should be pursued by the main Committees and, pursuant to paragraph 7 (a) of Conference resolution 114 (V), that consideration should be given to the reduction in the number of ad hoc groups; when it is not possible to reach a decision at the committee level, problems should be passed to the Trade and Development Board for further consideration and negotiation and for achieving solutions;

18. Decides also that issues relating to the least developed countries should be dealt with by all the committees and programmes, within their competence;

19. Decides:

(a) That main Committees dealing with interrelated questions should, when possible, be scheduled in the six-month period prior to the same Board session, in order to facilitate consideration by the Board of any outstanding issues arising from the reports of the Committees and, where appropriate, decision thereon;

(b) That main Committees hold, when viewed as appropriate by the Board, joint meetings to focus on specific cross-sectoral issues within their fields of competence;

V. SUBSIDIARY BODIES

20. Decides that the main Committees should review their respective institutional machinery with a view to promoting their efficiency, including the consideration of a possible reduction in the number of their subsidiary bodies, and should report to the Trade and Development Board the results of their reviews;

VI. EXPERT GROUPS

21. Decides that, when expert groups are to be convened, preference should be given to intergovernmental groups of experts;

22. Decides further that less use be made of groups of experts financed by UNCTAD and chosen by the Secretary-General of UNCTAD to serve in their personal capacity, and that relatively greater use should be made of expert groups financed by UNCTAD whose members are appointed by the Secretary-General of UNCTAD from candidates nominated by Governments, fully observing the principle of equitable geographical representation;

23. Decides also that expert groups should be created under the following conditions;

(a) That the terms of reference, including the issues, are well-defined;

(b) When issues before the Board or its subsidiary permanent bodies need special expertise;

VII. CALENDAR OF MEETINGS

24. Decides to adopt the following principles concerning the calendar of meetings, with a view to making meetings more productive and allowing sufficient time for preparations:

(a) No more than two simultaneous UNCTAD meetings should be held, save in exceptional cases and upon an explicit request by the bodies concerned for consideration by the Trade and Development Board;

(b) Once a calendar of meetings has been approved, every effort should be made to adhere to it;

(c) A stable schedule of meetings in UNCTAD should be re-established and the calendar of meetings for the coming year should be adopted by the Board at its second regular session each year;

(d) Appropriate steps should be taken in order to use the time allocated for UNCTAD meetings in the most efficient way, including the scheduling of meetings;

VIII. INFORMATION

Bearing in mind that a greater distinction should be made between information for the public and for the more practical work of delegations,

25. Decides to request the Secretary-General of UNCTAD to prepare a feasibility report, including financial implications, on producing a daily bulletin, in all the official languages of UNCTAD, briefly summarizing the work of the Trade and Development Board, the main Committees and major UNCTAD conferences at the public meetings held the previous day, and to submit the report to the Board at its twenty-third session for its consideration and decision;

26. Also requests the Secretary-General of UNCTAD to issue to member States in Geneva a periodic listing of all personnel vacancies, including also those for short and fixed-term appointments; such a listing should be issued at least twice a year;

IX. CONSULTATIONS

Noting that there is a need for greater automaticity and transparency in consultations,

27. Decides to strengthen and further improve the existing consultations referred to in Trade and Development Board decision 143 (XVI) of 23 October 1976;

28. Decides also that an informal consultative mechanism should be built upon the existing consultations referred to above to facilitate contact among

representatives of interested member States, regional co-ordinators and possibly among available office-bearers, or between them and the Secretary-General of UNCTAD; in addition, these consultations should be held preferably once a month and would, to the extent possible, cover meetings taking place within the following month; the agendas of these consultations should be determined at least two weeks in advance, if possible; such consultations should be scheduled so as not to conflict with other meetings; they should aim at:

(a) Obtaining more information on, and informally discussing, where appropriate, substantive matters on forthcoming meetings;

(b) Exchanging views on specific problems arising from the negotiating process conducted within the competence of UNCTAD;

(c) Preparing housekeeping matters regarding the scheduling of meetings, for example, election of officers, documentation, and the like, in order to secure a smoother start to meetings;

X. RESEARCH

29. Requests the Secretary-General of UNCTAD to take measures within the available resources to strengthen research on long-term issues and to develop new ideas that fall within the competence of UNCTAD, with a view to enabling the intergovernmental machinery of UNCTAD to deliberate and/or negotiate on them as appropriate;

XI. DOCUMENTATION, TRANSLATION AND INTERPRETATION

A. Documentation

30. Requests the Secretary-General of UNCTAD to give priority attention to resolving growing difficulties in producing and distributing documentation sufficiently in advance of UNCTAD meetings, in accordance with rule 29 of the rules of procedure and other relevant decisions of the Trade and Development Board;

31. Calls for essential improvements to be made at each stage of the documentation process;

32. Recommends, in particular, that the following measures be implemented as soon as possible;

(a) That the Secretary-General of UNCTAD strengthen the monitoring, co-ordination and control function of the Office of the Secretary-General of UNCTAD and other units of the secretariat in the field of documentation; this monitoring function is both substantive and technical;

(b) That the Secretary-General of UNCTAD improve arrangements, inter alia, for:

(i) Monitoring Divisions in the drafting of documents;

(ii) Monitoring the state of preparation of documents at each stage of the chain of production, and intervene where necessary to speed up the process;

33. Requests the Secretary-General of UNCTAD to make a statement, upon the adoption of the calendar of meetings, confirming or otherwise the availability of the documentation for the meetings as scheduled in the calendar, observing the relevant rules relating to the timing, languages, as well as length, nature and content of the documents;

34. Decides that consultations on the calendar of meetings should be planned with the availability of documentation clearly in mind; if it is clear that documentation cannot be made available partially or totally, meetings should be held only exceptionally and upon consultations between the Secretary-General of UNCTAD and the regional co-ordinators;

35. Decides that documentation should be requested when necessary and should be compatible with the efficient conduct of work and the efficient utilization of secretariat resources;

36. Decides that attempts should be made in all UNCTAD forums to identify documentation which has become redundant, or could be issued at less frequent intervals;

37. Decides that documents should be action-oriented and concise, and that historical introductions should be minimized; documents should contain a succinct indication of points for discussion and/or action suggested, and paragraphs of specific importance should be highlighted; all documents should include a summary, as requested in paragraph 10 of Conference resolution 114 (V);

38. Decides that delegations should reach early decisions on provisional agendas;

39. Requests the Secretary-General of UNCTAD:

(a) To circulate the annotated provisional agenda in all official languages of UNCTAD eight weeks before the opening of the meeting concerned;

(b) To review, in conjunction with paragraph 32 (b) (ii) above, before notifications of meetings are sent out, whether the necessary documentation is in a sufficiently advanced state of preparation to warrant the holding of the meeting on the planned date, and to consult with the regional co-ordinators in this respect;

B. Translation

40. Requests the Secretary-General of UNCTAD to ensure, within available resources, that documents needed during the preparation and in the course of official UNCTAD meetings be translated into all relevant official languages expeditiously and delivered simultaneously, so as to assist regional groups in reaching agreement on issues before them;

41. Reaffirms Trade and Development Board resolution 207 (XIX) of 23 November 1979;

42. Requests the Secretary-General of UNCTAD to ensure the rapid delivery of translation services in all official languages;

43. Decides that week-end and night meetings of UNCTAD should be held only exceptionally; if such meetings are unavoidable, interpretation and translation

should be available and flexible, and rapid delivery of translation services in all languages should be ensured;

44. Stresses once again that pre-session documentation in all official languages should reach Governments six weeks before the relevant meeting starts, as provided for in the rules of procedure of the Trade and Development Board;

45. Recommends that the Secretary-General of UNCTAD indicate, if possible and feasible, the date or approximate date of distribution of a document, as well as the date on which the document was submitted to the United Nations Office at Geneva;

46. Recommends to the Secretary-General of UNCTAD that he invite, when he deems necessary, the services responsible for translation and interpretation to take part regularly in the consultations on the UNCTAD calendar of meetings;

C. Interpretation

47. Requests the Secretary-General of UNCTAD to give consideration to ensuring that, over time, sufficient conference rooms are equipped to handle six languages.

552nd meeting
20 March 1981

DECISIONS

229 (XXII). Multilateral trade negotiations (Conference resolution 132 (V))

The Trade and Development Board

1. Recalls its decision 214 (XX) of 25 March 1980;
2. Requests the Secretary-General of UNCTAD and invites the United Nations Development Programme to continue the existing programme to assist developing countries in the consultation and negotiations on unresolved and outstanding issues of the multilateral trade negotiations of particular interest to them, taking care that there is no duplication with similar assistance available in GATT and the International Trade Centre UNCTAD/GATT.

552nd meeting
20 March 1981

232 (XXII). Implications of paragraph 4 of General Assembly resolution 35/10 A

The Trade and Development Board,

Having considered paragraph 4 of General Assembly resolution 35/10 A of 3 November 1980,

Taking into account the possible conflict between the present timing of the two regular sessions of the Board each year and the instruction given in the aforesaid resolution,

Requests the Secretary-General of UNCTAD, if necessary, to explore with the Secretary-General of the United Nations all possible ways of complying with paragraph 4 of General Assembly resolution 35/10 A, taking into account paragraph 5 of resolution 114 (V) of the United Nations Conference on Trade and Development of 3 June 1979 and the schedule of meetings in Geneva of other bodies of the United Nations system, and to report thereon to the Board at its twenty-third session.

552nd meeting
20 March 1981

233 (XXII). Supplementary conference services for UNCTAD

The Trade and Development Board,

Taking into account its resolution 231 (XXII) of 20 March 1981 on rationalization of the permanent machinery of UNCTAD,

Taking into account also the note by the Secretary-General of UNCTAD submitted to it at its twenty-first session, c/ and the report by the Secretary-General of UNCTAD on the results and consequences of the supplementary conference services provided to UNCTAD, d/

1. Notes with appreciation the supplementary conference services provided by the United Nations Office at Geneva to UNCTAD, as outlined in section I of the above-mentioned report by the Secretary-General of UNCTAD;
2. Requests that the supplementary services continue to be provided, to the extent possible within existing resources;
3. Decides to review the situation at its twenty-fourth session.

552nd meeting
20 March 1981

234 (XXII). Review and appraisal of the implementation of the International Development Strategy for the Third United Nations Development Decade

The Trade and Development Board,

Recalling General Assembly resolution 35/56 of 5 December 1980,

Welcoming the adoption by the General Assembly of the International Development Strategy for the Third United Nations Development Decade,

c/ TD/B/L.569.

d/ Official Records of the Trade and Development Board, Twenty-second Session, Annexes, agenda item 7, document TD/B/840.

Noting that the Strategy envisages contributions by UNCTAD, within its sphere of competence, to the process of review and appraisal,

Decides to inscribe on the agenda for its twenty-third session an item on the arrangements for the review and appraisal of the implementation of the International Development Strategy.

552nd meeting
20 March 1981

235 (XXII). Review of the calendar of meetings

The Trade and Development Board

Approves the calendar of meetings for the remainder of 1981 and the tentative schedule of meetings for 1982 annexed to the present decision.

552nd meeting
20 March 1981

ANNEX

Calendar of meetings for the remainder of 1981
and tentative schedule for 1982*

A. Calendar for the remainder of 1981

	<u>Date</u>
United Nations Conference on an International Code of Conduct on the Transfer of Technology, fourth session	23 March- 10 April
Joint Advisory Group on the International Trade Centre UNCTAD/GATT, fourteenth session	30 March- 3 April
United Nations Conference on the Least Developed Countries, review meeting (Asia and the Pacific)	30 March- 10 April (Vienna)
Working Group on Rules of Origin, eighth session	27 April- 1 May
IPC - Sixth Preparatory Meeting on Cotton	27 April- 1 May
Preparatory Commission for the Common Fund for Commodities, Working Party I, first session	4-8 May
Working Party on the Medium-term Plan and the Programme Budget, third session	4-8 May
United Nations Conference on the Least Developed Countries, review meeting (Eastern Africa)	4-15 May (Addis Ababa)
Trade and Development Board, twenty-second session, second part <u>a/</u>	11 May
United Nations Conference on Jute and Jute Products, 1981, second part	11-22 May
Special Committee on Preferences, tenth session	11-22 May
IPC - Fifth Preparatory Meeting on Hard Fibres	25 May- 5 June

* Unless otherwise indicated, all meetings will be held at Geneva. Meetings in connexion with the Integrated Programme for Commodities are preceded by the notation "IPC".

a/ To consider the report of the Working Party on the Medium-term Plan and the Programme Budget.

	<u>Date</u>
United Nations Conference on the Least Developed Countries, review meeting (Western and Central Africa)	25 May- 5 June (The Hague)
Committee on Shipping, third special session	27 May- 5 June
United Nations Conference on the Least Developed Countries, review meeting (Southern Africa and Haiti)	22-26 June
<u>Ad hoc</u> UNCTAD/UNIDO Group of Experts on Trade and Trade-related Aspects of Industrial Collaboration Arrangements, second session	1-12 June (Vienna)
Preparatory Committee for the United Nations Conference on the Least Developed Countries, third session	29 June - 10 July
IPC - Intergovernmental Group of Experts on Research and Development for Tropical Timber	13-17 July
Intergovernmental Group of Experts on an Export Credit Guarantee Facility	13-24 July
IPC - Intergovernmental Group of Experts on Improvement of Market Intelligence on Tropical Timber	20-24 July
Preparatory Commission for the Common Fund for Commodities, Working Party II, first session	27-31 July
Meeting of Governmental Experts of Developing Countries on Economic Co-operation among Developing Countries, second session	27 July- 7 August
United Nations Conference on the Least Developed Countries, pre-Conference meeting of senior officials	27-28 August (Paris)
United Nations Conference on the Least Developed Countries	1-14 September (Paris)
Preparatory Commission for the Common Fund for Commodities, third session	21-25 September
Working Party on the Medium-term Plan and the Programme Budget, fourth session	21-25 September
Trade and Development Board, twenty-third session	28 September- 9 October
Working Group on International Shipping Legislation, eighth session	12-30 October
Committee on Tungsten, thirteenth session	12-16 October
IPC - Third Preparatory Meeting on Meat	19-23 October

	<u>Date</u>
IPC - Group of Governmental Experts on Bananas	26-30 October
Permanent Sub-Committee of the Committee on Commodities, second session	2-6 November
Intergovernmental Group of Experts on Restrictive Business Practices, first session	2-11 November
Committee on Commodities, first special session	9-13 November
IPC - Intergovernmental Group of Experts on Tea, third session	16-20 November
Committee on Economic Co-operation among Developing Countries, third session	16-27 November
IPC - Third Preparatory Meeting on Tea	23-27 November
Group of Experts on Problems faced by the Developing Countries in the Carriage of Bulk Cargoes, second session	30 November- 4 December
Group of Governmental Experts on the Concepts of the Present Aid and Flow Targets, fourth session (Board decision 197 (XIX))	1-8 December
IPC - Sixth Preparatory Meeting on Tropical Timber	7-11 December
Preparatory Commission for the Common Fund for Commodities, Working Party II, second session	14-18 December
Second Meeting of Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of Least Developed Countries (Board resolution 171 (XVIII), para. 2)	14-22 December

Meetings for which the dates are to be determined

	<u>Duration</u>
Meeting of Representatives of Interested Governments on Bulk Cargo Shipments (Conference resolution 120 (V), para. 5)	1 week
Permanent Group on Synthetics and Substitutes, seventh session (if required)	1 week
United Nations Conference to Negotiate an International Arrangement to replace the International Wheat Agreement 1971, as extended, fourth part (if required)	Up to 4 weeks
IPC - Preparatory Meeting on Bauxite (if required)	1 week
IPC - Third Preparatory Meeting on Iron Ore (if required)	1 week
IPC - Third Preparatory Meeting on Phosphates (if required)	1 week

	<u>Duration</u>
IPC - Seventh Preparatory Meeting (third part) or Eighth Preparatory Meeting on Copper (if required)	1 week
IPC - Intergovernmental Group of Experts on Manganese	1 week
IPC - Third Preparatory Meeting on Manganese	1 week
<u>Ad hoc</u> Intergovernmental High-level Group of Experts on the Evolution of the International Monetary System, second session	1 week
* * *	
Other commodity conferences and commodity meetings	As required (up to 17 weeks)
Other working parties, study groups, expert groups	As required (up to 3 weeks)

B. Tentative schedule for 1982

	<u>Date and duration</u>
Preparatory Commission for the Common Fund for Commodities, Working Party I, second session	25-29 January
Technical Committee of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT, eleventh session	January (1 week)
Joint Advisory Group on the International Trade Centre UNCTAD/GATT, fifteenth session	February/March (1 week)
Working Party on the Medium-term Plan and the Programme Budget, fifth session	1-5 March
Trade and Development Board, twenty-fourth session	8-19 March
Preparatory Commission for the Common Fund for Commodities, fourth session	22-26 March
Committee on Shipping, tenth session	March/April (2 weeks)
Group of Governmental Experts on the Economic, Commercial and Developmental Aspects of Industrial Property in the Transfer of Technology to Developing Countries (decision 4 (II) of the Committee on Transfer of Technology)	First quarter (10 days)
Special Committee on Preferences, eleventh session	May (1-2 weeks)

Date and duration

Committee on Invisibles and Financing related to Trade, tenth session, first part (financing related to trade)	First half (2 weeks)
Working Party on the Medium-Term Plan and the Programme Budget, sixth session	6-10 September
Trade and Development Board, twenty-fifth session	13-24 September
Working Group on International Shipping Legislation, ninth session	October/November (2 weeks)
Intergovernmental Group of Experts on Restrictive Business Practices, second session	October/November (1 1/2 weeks)
Trade and Development Board - special session at ministerial level preceded by meeting of senior officials (Conference resolution 90 (IV), sect. II, para. 2)	If required (1-2 weeks)
Committee on Invisibles and Financing related to Trade, tenth session, second part (invisibles: insurance)	To be determined (1 week)
Session of one main Committee	To be determined (1-2 weeks)
Committee on Tungsten (if required)	To be determined (1 week)
Permanent Group on Synthetics and Substitutes (if required)	To be determined (1 week)
Intergovernmental Group of Experts on the Feasibility of Measuring Human Resource Flows (Board resolution 227 (XXII))	To be determined (1 1/2 weeks)
Meeting of Governmental Experts on the Transfer, Application and Development of Technology in the Food Processing Sector (Board resolution 230 (XXII))	To be determined (1 1/2 weeks)
Meeting of Governmental Experts on the Transfer, Application and Development of Technology in the Capital Goods and Industrial Machinery Sector (Board resolution 230 (XXII))	To be determined (1 1/2 weeks)
* * * *	
Commodity conferences and other commodity meetings	As required (up to 40 weeks)
Working parties, study groups and expert groups	As required (Up to 13 weeks)

OTHER DECISIONS TAKEN BY THE BOARD
AT ITS TWENTY-SECOND SESSION

(a) Designation of intergovernmental bodies for the purposes of rule 78 of the rules of procedure of the Board e/

At its 550th meeting, on 17 March 1981, the Board decided that the following bodies which had applied for designation under rule 78 of the rules of procedure of the Board and rule 80 of the rules of procedure of the Conference should be so designated:

Arab Monetary Fund

Intergovernmental Committee for Migration

Ministerial Conference of West and Central African States on Maritime Transport.

At the same meeting, the Board noted changes in the names of two intergovernmental bodies already designated by the Board:

Arab Industrial Development Organization (formerly Industrial Development Centre for Arab States)

Latin American Integration Association (formerly Latin American Free Trade Association).

At its 552nd meeting, on 20 March 1981, the Board agreed, exceptionally, to consider at the second part of its current session a request for designation from the Arab Fund for Technical Assistance for African and Arab Countries if, after examination of the statutes of the Fund and the supporting material, the Secretary-General of UNCTAD considered that the application should be brought to its attention.

At its 553rd meeting, on 12 May 1981, the Board decided that the following body which had applied for designation under rule 78 of the rules of procedure of the Board and rule 80 of the rules of procedure of the Conference should be so designated: f/

Arab Fund for Technical Assistance for African and Arab Countries.

(b) Sixth session of the United Nations Conference on Trade and Development: place, date and duration g/

At its 550th meeting, on 17 March 1981, the Board decided that the matter of its recommendation to the General Assembly regarding the holding of the sixth

e/ See paras. 373-375 above.

f/ See part two below, para. 48.

g/ See para. 311 above.

session of the Conference in 1983, including the place and duration thereof, should be deferred to its twenty-third session. In making this recommendation, the Board would take into account the offer made by Cuba during its tenth special session to host the Conference, which had been reiterated at the fifth session of the Conference, as well as the discussion at the twenty-second session of the Board and the documents submitted to it. h/

Other action taken by the Board

1. At its 551st meeting, on 18 March 1981, the Board decided:

(a) To transmit item 3 of the agenda of its twenty-second session (Evaluation of the world trade and economic situation ...) to its twenty-third session, and accordingly to include it in the provisional agenda for that session, and to refer draft resolution TD/B/L.360 on the interdependence of problems of trade, development finance and the international monetary system to its twenty-third session for further consideration and appropriate action; i/

(b) To consider further at its twenty-third session agenda item 5 (Implementation of Trade and Development Board resolution 165 (S-IX) on the debt and development problems of developing countries). j/

2. At its 552nd meeting, on 20 March 1981, the Board:

(a) Took note of the report of the Ad hoc Intergovernmental Committee for the Integrated Programme for Commodities on its tenth session k/ and endorsed the agreed conclusions of the Committee; l/

(b) Took note of the report of the Committee on Commodities on its ninth session m/ and endorsed resolutions 17 (IX) and 18 (IX) adopted by the Committee; n/

h/ Official Records of the Trade and Development Board, Twenty-second Session, Annexes, agenda item 6, documents TD/B/843 and TD/B/844.

i/ See paras. 140 and 141 above.

j/ See para. 208 above.

k/ Official Records of the Trade and Development Board, Twenty-second Session, Annexes, agenda item 8 (a), document TD/B/IPC/AC/35.

l/ See para. 211 above.

m/ Official Records of the Trade and Development Board, Twenty-second Session, Supplement No. 3 (TD/B/834).

n/ See para. 225 above.

(c) Took note of the report of the Committee on Invisibles and Financing related to Trade on the second part of its ninth session; o/ endorsed resolution 19 (IX) adopted by the Committee and decided that the tenth session of the Committee should be held in two parts, the second of which would be devoted entirely to insurance; noted that further consultations would be held concerning the insurance topics to be included in the provisional agenda for the tenth session; p/

(d) Took note of the report of the Committee on Shipping on its ninth session, q/ and endorsed resolutions 35 (IX) and 38 (IX) and decisions 37 (IX) and 39 (IX) adopted by the Committee; r/

(e) Endorsed resolution 4 (VII) adopted by the Working Group on International Shipping Legislation; s/

(f) Took note of the report of the Committee on Transfer of Technology on its third session, t/ and endorsed resolutions 8 (III), 9 (III), 11 (III), 13 (III), 14 (III), 15 (III) and 16 (III) and decisions 10 (III) and 12 (III) adopted by the Committee; u/

(g) Took note of the second progress report by the Secretary-General of UNCTAD on assistance to national liberation movements recognized by regional intergovernmental organizations, v/ and expressed the hope that the UNCTAD secretariat would finalize its studies for submission to the Board at its twenty-third session; w/

3. Also at the 552nd meeting, the Board:

(a) Approved the provisional agenda for its twenty-third session, authorizing the President, in consultation with the Secretary-General of UNCTAD, to adjust it

o/ Official Records of the Trade and Development Board, Twenty-second Session, Supplement No. 2 (TD/B/833).

p/ See para. 229 above.

q/ Official Records of the Trade and Development Board, Twenty-second Session, Supplement No. 4 (TD/B/825).

r/ See para. 232 above.

s/ TD/B/C.4/ISL/32, annex I. See also para 238 above.

t/ Official Records of the Trade and Development Board, Twenty-second Session, Supplement No. 5 (TD/B/836).

u/ See para. 280 (b) (i) above.

v/ TD/B/837.

w/ See para. 167 above.

in the light of developments, and requested the Secretary-General of UNCTAD to consult with delegations regarding the organization of work of the session and to circulate his suggestions thereon; x/

(b) Decided to defer consideration of Conference resolution 119 (V), on protectionism in the services sector, to its twenty-third session, and to consider further Conference decision 132 (V), on the multilateral trade negotiations, at that session, under item 2 of the provisional agenda; y/

(c) Decided to remit to its twenty-third session consideration of draft resolution TD/L.195 on transnational corporations and international commodity trade, and to consider further at that session draft resolution TD/B(XXII)/SC/L.5 on legislation and regulations on technology transfer; z/

(d) Decided to remit draft decision TD/B/L.589, on progress in the implementation of specific action related to the particular needs and problems of island developing countries, to its twenty-fourth session for further consideration, and to include this item in the provisional agenda for that session. aa/

x/ See para. 388 above and annex IV.

y/ See paras. 174 and 195 above.

z/ See paras. 199 and 280 above.

aa/ See para. 349 above.

ANNEX II

Texts remitted for further consideration by the Board

A. DRAFT RESOLUTIONS REFERRED TO THE
TWENTY-THIRD SESSION OF THE BOARD

Legislation and regulations on technology transfer a/

Draft resolution submitted by Mexico on behalf
of the States members of the Group of 77

[TD/D(XXII)/SC/L.5]

The Trade and Development Board,

Recalling Conference resolution 112 (V) of 3 June 1979,

1. Recognizes the importance of national regulations and policies dealing with the transfer and development of technology as a means of strengthening the scientific and technological capability of all countries, particularly the developing countries;

2. Invites the Secretary-General of UNCTAD to complete as soon as possible a report containing concrete proposals on common approaches to legislation and regulation dealing with the transfer, application and development of technology in developing countries. These proposals should take into account the special needs of developing countries, in particular the least developed among them. In preparing these proposals the Secretary-General should avail himself of expert advice from developing countries in the area of regulations in the field of transfer, application and development of technology;

3. Further requests the Secretary-General of UNCTAD to submit the report mentioned in paragraph 2 above and the concrete proposals therein to the Committee on Transfer of Technology at its fourth session.

a/ See para. 280 (a) above.

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, c/ Madagascar, Mauritius, Nigeria, Rwanda,
Senegal, the Sudan, Uganda, the Upper Volta, and Zaire

[TD/B/L.360]

Transnational corporations and international commodity trade d/

Draft resolution submitted by the German Democratic Republic on
behalf of Bulgaria, the Byelorussian Soviet Socialist Republic,
Czechoslovakia, the German Democratic Republic, Hungary, Mongolia,
Poland, the Ukrainian Soviet Socialist Republic and the Union
of Soviet Socialist Republics

[TD/L.195]

b/ See para. 141 above. The text of this draft resolution is contained in
the report of the Board on the first part of its fourteenth session, Official
Records of the General Assembly, Twenty-ninth Session, Supplement No. 15
(A/9615/Rev.1), annex II.

c/ Now Libyan Arab Jamahiriya.

d/ See para. 199 above. The text of this draft resolution is contained in
Proceedings of the United Nations Conference on Trade and Development, Fifth Session,
vol. I, Report and Annexes (United Nations publication, Sales No. E.79.II.D.14),
annex I, sect. D.

B. DRAFT DECISION REFERRED TO THE TWENTY-FOURTH SESSION OF THE BOARD

Progress in the implementation of specific action
related to the particular needs and problems of
island developing countries e/

Draft decision submitted by Mexico on behalf of
States members of the Group of 77

[TD/B/L.589]

The Trade and Development Board,

Reiterating the programme of specific action in favour of developing island countries envisaged in Conference resolutions 93 (IV) of 31 May 1976 and 111 (V) of 3 June 1979,

Recalling General Assembly resolution 31/156 of 21 December 1976 and other resolutions of the United Nations relating to the special needs and problems of island developing countries,

Noting in particular paragraph 4 of General Assembly resolution 35/61 of 5 December 1980, whereby the General Assembly decided to undertake at its thirty-seventh session a comprehensive review of the implementation of the measures taken by the international community in favour of the specific needs of the developing island countries,

Recalling its resolution 223 (XXI) of 27 September 1980, which recommended that, on the basis of consideration by Governments of the in-depth studies, the Board at its twenty-second session should consider future action, including the convening of an intergovernmental group of experts in 1981, to examine the specific problems of developing island countries,

1. Decides that an intergovernmental group of experts be convened in late 1981 or early 1982 to prepare a comprehensive action programme to alleviate the special problems of island developing countries;

2. Requests the Secretary-General of UNCTAD for this purpose, in consultation with Governments of island developing countries and with international organizations, as appropriate, to prepare documentation for the meeting, as recommended in Conference resolution 111 (V), paragraphs 4 and 5.

e/ See para. 349 above.

ANNEX III

Financial implications of the actions of the Board

A. Resolution 226 (XXII). Protectionism and structural adjustment a/

1. The resolution provides for the establishment of a sessional committee at the twenty-fourth session of the Board and annually thereafter at its first regular session to carry out the annual review of the patterns of production and trade in the world economy as provided for in section A of Conference resolution 131 (V) and to continue to review developments involving restrictions of trade as provided for in section B of that resolution.

2. The establishment of a new sessional committee, in addition to those normally provided for sessions of the Board, is estimated to cost \$93,000 per annum on the assumption that it would require one additional conference room, one additional team of interpreters for six languages and an additional 60 pages of in-session and post-session documentation.

B. Resolution 231 (XXII). Rationalization of the permanent machinery of UNCTAD b/

1. The resolution might result in savings of conference costs in real terms to the extent that the intentions expressed therein, in particular in paragraphs 20, 24, 36 and 37, are put into effect.

2. Paragraph 26 requests the Secretary-General of UNCTAD to issue to member States in Geneva a periodic listing of all personnel vacancies. Subject to consultation with United Nations Headquarters on the modalities of implementation of this request, taking into account the prevailing personnel policies and practices, in particular General Assembly resolution 35/210 on personnel questions, the UNCTAD secretariat would propose to circulate as soon as possible to member States in Geneva the professional vacancies open for international recruitment.

3. In paragraph 28 of the resolution the Board decides that informal consultations should be held, preferably once a month, building on the existing consultations provided for in Board decision 143 (XVI). This would increase, on average, the total number of consultations to be held within one year by about seven. On the assumption that each of these additional consultations would not exceed one half-day, would require interpretation in six languages and one conference room, the cost is

a/ Substance of TD/D/L.592/Add.1 and Add.1/Corr.1.

b/ Substance of TD/B/L.506/Add.1.

estimated at \$3,000 per consultation, or \$21,000 per annum. It is not possible at this stage to determine whether, as a consequence of more frequent consultations, there would result indirect savings for the over-all UNCTAD conference programme.

4. Paragraph 32 requests the Secretary-General of UNCTAD to improve arrangements for monitoring the state of preparation of documents at each stage of the chain of production and intervene where necessary to speed up the process. Steps have been taken already in this sense. It would be the intention of the secretariat to take further steps in this regard within the means available to it for that purpose and to reassess the situation after an initial period in the light of the results achieved.

ANNEX IV

Provisional agenda for the twenty-third 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) Membership of the Working Party on the Medium-term Plan and the Programme Budget;
 - (e) Provisional agenda for the twenty-fourth regular session of the Board and organization of the work of the session.
2. Specific matters arising from the resolutions, recommendations and other decisions adopted by the Conference at its fifth session requiring attention or action by the Board at its twenty-third session.
3. Evaluation of the world trade and economic situation and consideration of issues, policies and appropriate measures to facilitate structural changes in the international economy, taking into account the interrelationships of problems in the areas of trade, development, money and finance with a view to attaining the establishment of a new international economic order and bearing in mind the further evolution that may be needed in the rules and principles governing international economic relations.
4. Interdependence of problems of trade, development finance and the international monetary system.
5. Implementation of Trade and Development Board resolution 165 (S-IX) on the debt and development problems of developing countries.
6. Sixth session of the United Nations Conference on Trade and Development: place, date and duration.
7. Trade relations among countries having different economic and social systems and all trade flows resulting therefrom.
8. Arrangements for the review and appraisal of the implementation of the International Development Strategy for the Third United Nations Development Decade.

a/ As approved by the Board at its 552nd meeting on 20 March 1961 (see para. 393 above).

9. Matters requiring action by the Board arising from or related to reports and activities of its subsidiary and other bodies.
10. Other 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 fourteenth session;
 - (b) Progressive development of the law of international trade: fourteenth annual report of the United Nations Commission on International Trade Law;
 - (c) Trade and economic aspects of disarmament.
11. Institutional, organizational, administrative and related matters:
 - (a) Treatment of new States members of UNCTAD for purposes of elections;
 - (b) Announcement of any changes in the membership of the Board and election to membership of main Committees;
 - (c) Designation of intergovernmental bodies for the purposes of rule 78 of the rules of procedure;
 - (d) Designation and classification of non-governmental organizations for the purposes of rule 79 of the rules of procedure;
 - (e) Review of the calendar of meetings;
 - (f) Financial implications of the actions of the Board;
 - () ...

[To be completed as necessary]

12. Other business.
13. Adoption of the report of the Board to the General Assembly.

ANNEX V

Statement by Mr. N. Huslid, Chairman of the Ad hoc Intergovernmental
Committee for the Integrated Programme for Commodities
at the Sessional Committee a/

1. I have the honour to present to you the report of the Ad hoc Intergovernmental Committee for the Integrated Programme for Commodities (IPC) on its tenth session. This is the final report from the Ad hoc Intergovernmental Committee, which has functioned during four years subsequent to UNCTAD IV at Nairobi.
2. The further work under the IPC has now become part of the regular work programme of UNCTAD in the field of commodities, and the responsibility for this continued work falls under UNCTAD's permanent Committee on Commodities. It should be underlined that these changes do not mean that the concept of an integrated programme has been abandoned and that one is back to the pre-Nairobi situation. The substantive contents of Conference resolution 93 (IV) are still valid and the Programme, as laid down in that resolution, has since been further extended through Conference resolution 124 (V) adopted at Manila.
3. The Programme will thus continue, but what has been called the time-bound frame of the IPC expired by the end of 1980. This implies that the time-limits will have disappeared, time-limits which at Nairobi were set very precisely for a programme of great urgency.
4. Looking back, we have to admit that the problems were more intractable than envisaged at Nairobi and that the time-frame set there was too optimistic. In the light of experience one might question the advisability or realism of laying down such strict time-limits as was done at Nairobi for the completion of the IPC. Such time-limits can have their value in accelerating the work, and the time-limits fixed at UNCTAD IV no doubt served to underline the urgency of the Programme and the will to arrive at rapid results. Looked at in a somewhat broader perspective, however, I suppose that it will now more easily be realized that the Integrated Programme for Commodities will be a continuous and never-ending task, where the question will be not only how to make further progress, but also how to preserve what has already been achieved. Experience has in fact shown that, in the commodity field, vigilance and sustained efforts are constantly required not only in order to progress but also to prevent back-sliding in this or that commodity. In the commodity field there seems to be a constant struggle between short-term and long-term considerations.
5. It can be said that the change of the IPC from an ad hoc emergency programme, as it were, to an integral part of UNCTAD's work on commodities, marks a turning-point and should be the occasion for a thorough evaluation and the drawing of conclusions. It was the intention to have such a comprehensive review at the last session of the Ad hoc Committee. In view of various constraints, this review became, however, less comprehensive than I had hoped for.
6. I tried myself at the session to draw some conclusions as Chairman of the Committee over four years, and these are recapitulated in paragraphs 15-21 of the report before you. Since this is my last report to the Board, I would like to mention the following points.
7. An objective evaluation of progress of the IPC at the expiry of the time-bound programme will have to contain both positive and negative elements.

a/ See para. 210 above.

8. The most prominent positive element is, of course, the successful conclusion of the negotiations on the Common Fund in June 1980. It is true that the negotiations took much longer than had been foreseen at Nairobi, but the final result is all the same an encouragement and a proof that global economic negotiations within the framework of the United Nations can succeed if they are pursued with perseverance, patience and the necessary political will. The Common Fund is an innovative and unique institution, the importance of which transcends the field of commodities proper. One of the most important results of the Common Fund negotiations for commodity policy was, it would appear, the acceptance of the principle of joint responsibility for buffer-stock financing by producers and consumers. Compared with the past situation, this represents a big step forward.
9. It is now of the essence that the agreement reached is soon translated into a viable institution and that not too much time is spent on wrangling over administrative and technical modalities in the Preparatory Commission.
10. I think it is right to say that the IPC is built on two pillars, one being the Common Fund and the other being made up of the international commodity agreements or arrangements (ICAs). The full construction will not be able to stand unless both pillars are in place, and the building of one pillar is liable to influence the building of the other.
11. In this context, it is of concern - and this must be the main negative element of the evaluation - that so little progress has been made in the elaboration of ICAs.
12. It is true that a new agreement has been reached on rubber, an agreement which could in many ways serve as an example for others and which is a good illustration of well-conceived, long-term interests as between producers and consumers. It is also true that the meetings on jute and jute products have come to a negotiating phase, and an agreement, albeit of a more limited scope, is hopefully within reach.
13. It is finally true that for several other commodities, for example, hard fibres and cotton, progress has been made in the preparatory work with regard to the identification of measures which could, at a later stage, be applied as part of a commodity agreement or arrangement.
14. Still, I would think it is right to say that, seen in the light of the rather ambitious goals and objectives laid down in resolution 93 (IV) and the expectations aroused by UNCTAD IV, progress towards agreement on individual commodities, looked at as a whole, has been slow and unsatisfactory. Difficulties have also arisen, as we know, in connection with already established commodity agreements.
15. Against this background it would appear that the main goal now must be to push on without relaxation with the work on individual commodities. For this work best to progress it would seem to me that a concentration of work is needed, that is, a concentration on commodities which, in the current circumstances, can realistically be the object of new agreements or arrangements. I would think that the extensive preparatory work made has shown which these commodities are.
16. This does not preclude, of course, the broader developmental aspects of commodity policy, such as those taken up in section III of Conference resolution 124 (V) (processing and product development, marketing and distribution, diversification, etc.) being actively pursued as part of the continuing and long-term work on commodities within UNCTAD. This will, however, be a task of long-term character.

17. It seems important, in order to maintain momentum and to retain a certain overview that the Programme should be periodically reviewed also in the period following the end of the existence of the Ad hoc Committee. It was in this line of thought that the Ad hoc Committee, at the conclusion of its work at the last session, recommended to the Committee on Commodities that arrangements be made for a substantive annual review of the progress of the negotiations under Conference resolution 93 (IV) as part of its regular programme of work. With regard to the overview, I might be permitted here to mention the need which seems to exist in a long-term perspective to relate the work and organs within the IPC to the results which it is hoped will emanate from the United Nations Conference on the Law of the Sea.

18. You will know that one of the main ideas behind the Integrated Programme was that Governments would adopt a broader approach to commodity questions and, instead of looking at national interests within the context of one single commodity, would consider the over-all benefits from the IPC as a whole, taking into consideration the special interests of developing countries.

19. When looking back over four years of existence of the Ad hoc Committee, which specifically was set up in order to take an overview of the IPC as a whole, I must quite frankly admit that this broader view on the commodity sector to a large extent has been lacking, and I dare say has been lacking both on the part of consumers and on the part of producers. Policies and views pursued have in practice usually been closely tied to national and short-term interests connected with the single commodity in question, be it copper, cocoa or tin or any other commodity within the Programme.

20. I am not saying this as a criticism, but rather as a registration of a fact or an experience to be borne in mind with a view to the future. This predominant lack of an integrated approach or an over-all view has also affected the work in the Ad hoc Committee over the four years of its existence, and on which I would like to say a few words in this final report.

21. During the last session of the Ad hoc Committee, a couple of representatives criticized the Committee for not having been able to do more to bring progress to the work on individual commodities. I would be the first to subscribe to this criticism, but those who have taken part in the work of the Committee over its four years of existence will know that a representative part of the membership was all the time inclined to give the wide mandate of the Committee a rather restrictive interpretation, insisting upon the full integrity and independence of individual commodity groups. In practice this meant that the Committee on the whole was not able to take up in substance, at least not in any detail, problems related to individual commodities and for which preparatory groups or other forums had been established.

22. This did not prevent the Committee, however, from making periodic evaluations of the progress made or progress lacking, from pointing to the main difficulties encountered or from indicating priorities and choices within an over-all perspective, based on resolution 93 (IV).

23. In so doing we managed to arrive at unanimous resolutions which have given recommendations or guide-lines, as appropriate, both to Governments, to the preparatory meetings and to UNCTAD with regard to the implementation of the IPC. These conclusions, which were unanimously reached after considerable efforts on all sides, are largely valid also today. I would think they ought to be of value to the Committee on Commodities in its continued work.

24. But, in spite of this, I regret that it was not possible to pursue the substance related to the individual commodities more in depth than has been the case. However, although the task is unfinished, I think it can be said that over the four years the basis has been laid, through the Common Fund and the work made on individual commodities, for further progress to be made on the road to the realization of the Integrated Programme for Commodities.

25. I am approaching the end of this personal report which I found it my duty to give to the Board after these years as Chairman of the Ad hoc Committee. This report is a multifaced one, with some positive and, I am afraid, a number of negative aspects.

26. These different aspects are also reflected in the statements by group spokesmen and heads of individual delegations, who took part in the review of progress made under resolution 93 (IV) at the last session of the Committee and which are reflected in its report. There are differences of emphasis in these interventions, some underlining especially the progress which has been achieved, while others have emphasized more the deficiencies and things which have still to be done. We were all in agreement, however, that the work under the Integrated Programme for Commodities must continue.

27. This Programme constitutes the most comprehensive negotiating process undertaken in the quest for a new international economic order. It is built on a vision, a vision that all countries, be they producers or consumers, be they developing or developed, take a common responsibility for just and orderly conditions and structures in commodity markets. More than any sector of economic life the commodity sector reflects the interdependence among nations. Maybe this has been particularly visible over the last years with regard to the commodities in the energy field, but it is increasingly true also for other commodities, particularly for those within the Integrated Programme. Realization of this programme will, therefore, be a test of our ability to manage our interdependence, to the benefit of all.

28. I will end my report by thanking all, both in national delegations and in the secretariat, who supported and helped in the work of the Ad hoc Committee and I express my wish for continued progress in that great venture which is the Integrated Programme for Commodities.

ANNEX VI

Membership of the main committees of the Board a/

Committee on Commodities

Algeria	Liberia
Argentina	Libyan Arab Jamahiriya
Australia	Madagascar
Austria	Malaysia
Bangladesh	Malta
Belgium	Mauritius
Bolivia	Mexico
Brazil	Morocco
Bulgaria	Netherlands
Burundi	New Zealand
Canada	Nicaragua
Central African Republic	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
Democratic Yemen	Romania
Denmark	Rwanda
Dominican Republic	Saudi Arabia
Ecuador	Senegal
Egypt	Spain
El Salvador	Sri Lanka
Ethiopia	Sudan
Finland	Sweden
France	Switzerland
Gabon	Syrian Arab Republic
German Democratic Republic	Thailand
Germany, Federal Republic of	Togo
Ghana	Trinidad and Tobago
Greece	Tunisia
Guatemala	Turkey
Guinea	Uganda
Honduras	Union of Soviet Socialist Republics
Hungary	United Kingdom of Great Britain and Northern Ireland
India	United Republic of Cameroon
Indonesia	United Republic of Tanzania
Iran	United States of America
Iraq	Upper Volta
Ireland	Uruguay
Israel	Venezuela
Italy	Viet Nam
Ivory Coast	Yemen
Jamaica	Yugoslavia
Japan	Zaire
Jordan	
Kenya	

a/ See paragraph 376 above.

Committee on Manufactures

Algeria	Libyan Arab Jamahiriya
Argentina	Madagascar
Australia	Malaysia
Austria	Mali
Bangladesh	Malta
Belgium	Mauritius
Bolivia	Mexico
Brazil	Morocco
Bulgaria	Netherlands
Canada	New Zealand
Central African Republic	Nicaragua
Chile	Nigeria
China	Norway
Colombia	Pakistan
Costa Rica	Panama
Cuba	Peru
Czechoslovakia	Philippines
Democratic People's Republic of Korea	Poland
Democratic Yemen	Qatar
Denmark	Republic of Korea
Dominican Republic	Romania
Ecuador	Saudi Arabia
Egypt	Senegal
El Salvador	Singapore
Ethiopia	Spain
Finland	Sri Lanka
France	Sudan
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	Yemen
Jordan	Yugoslavia
Kenya	Zaire
Liberia	

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Committee on Invisibles and Financing related to Trade

Algeria	Kuwait
Argentina	Lebanon
Australia	Liberia
Austria	Libyan Arab Jamahiriya
Bangladesh	Madagascar
Belgium	Malaysia
Bolivia	Mali
Brazil	Malta
Bulgaria	Mexico
Burundi	Morocco
Canada	Netherlands
Central African Republic	New Zealand
Chad	Nicaragua
Chile	Nigeria
China	Norway
Colombia	Pakistan
Costa Rica	Panama
Cuba	Peru
Czechoslovakia	Philippines
Democratic People's Republic of Korea	Poland
Democratic Yemen	Qatar
Denmark	Republic of Korea
Dominican Republic	Romania
Ecuador	Saudi Arabia
Egypt	Senegal
El Salvador	Spain
Ethiopia	Sri Lanka
Finland	Sudan
France	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
Ireland	Upper Volta
Israel	Uruguay
Italy	Venezuela
Ivory Coast	Viet Nam
Jamaica	Yemen
Japan	Yugoslavia
Jordan	Zaire
Kenya	

(97)

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 Republic	New Zealand
Chile	Nicaragua
China	Nigeria
Colombia	Norway
Costa Rica	Pakistan
Cuba	Panama
Cyprus	Peru
Czechoslovakia	Philippines
Democratic People's Republic of Korea	Poland
Democratic Yemen	Portugal
Denmark	Qatar
Dominican Republic	Republic of Korea
Ecuador	Romania
Egypt	Saudi Arabia
El Salvador	Senegal
Ethiopia	Spain
Finland	Sri Lanka
France	Sudan
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	Yemen
Jordan	Yugoslavia
Kenya	Zaire
Kuwait	

(95)

Committee on Transfer of Technology

Algeria	Madagascar
Argentina	Malaysia
Australia	Malta
Austria	Mauritius
Belgium	Mexico
Bolivia	Morocco
Brazil	Netherlands
Bulgaria	New Zealand
Canada	Nicaragua
Chile	Nigeria
China	Norway
Colombia	Pakistan
Costa Rica	Panama
Cuba	Peru
Czechoslovakia	Philippines
Democratic People's Republic of Korea	Poland
Democratic Yemen	Qatar
Denmark	Republic of Korea
Ecuador	Romania
Egypt	Saudi Arabia
El Salvador	Senegal
Ethiopia	Sierra Leone
Finland	Somalia
France	Spain
German Democratic Republic	Sri Lanka
Germany, Federal Republic of	Sudan
Ghana	Sweden
Greece	Switzerland
Guatemala	Syrian Arab Republic
Honduras	Thailand
Hungary	Trinidad and Tobago
India	Tunisia
Indonesia	Turkey
Iran	Union of Soviet Socialist Republics
Iraq	United Arab Emirates
Ireland	United Kingdom of Great Britain and Northern Ireland
Israel	United Republic of Cameroon
Italy	United Republic of Tanzania
Ivory Coast	United States of America
Jamaica	Upper Volta
Japan	Venezuela
Jordan	Viet Nam
Kenya	Yemen
Kuwait	Yugoslavia
Liberia	Zaire
Libyan Arab Jamahiriya	

(91)

Committee on Economic Co-operation among Developing Countries

Algeria	Malaysia
Argentina	Malta
Australia	Mauritius
Austria	Mexico
Bangladesh	Morocco
Belgium	Netherlands
Bolivia	New Zealand
Brazil	Nicaragua
Bulgaria	Nigeria
Canada	Norway
Central African Republic	Oman
Chile	Pakistan
China	Panama
Colombia	Peru
Costa Rica	Philippines
Cuba	Poland
Czechoslovakia	Qatar
Democratic People's Republic of Korea	Republic of Korea
Democratic Yemen	Romania
Denmark	Saudi Arabia
Ecuador	Senegal
Egypt	Somalia
El Salvador	Spain
Ethiopia	Sri Lanka
Finland	Sudan
France	Suriname
Gabon	Sweden
German Democratic Republic	Switzerland
Germany, Federal Republic of	Syrian Arab Republic
Ghana	Thailand
Greece	Togo
Guatemala	Trinidad and Tobago
Guyana	Tunisia
Honduras	Turkey
India	Uganda
Indonesia	Union of Soviet Socialist Republics
Iran	United Arab Emirates
Iraq	United Kingdom of Great Britain and
Ireland	Northern Ireland
Israel	United Republic of Cameroon
Italy	United Republic of Tanzania
Jamaica	United States of America
Japan	Uruguay
Jordan	Venezuela
Kenya	Viet Nam
Kuwait	Yemen
Lebanon	Yugoslavia
Liberia	Zaire
Libyan Arab Jamahiriya	Zambia
Madagascar	

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Part Two

**REPORT OF THE TRADE AND DEVELOPMENT BOARD ON THE
SECOND PART OF ITS TWENTY-SECOND SESSION**

**Held at the Palais des Nations, Geneva,
on 12 May 1981**

INTRODUCTION

1. The second part of the twenty-second session of the Trade and Development Board, which was to have been convened on 11 May 1980, was held on 12 May 1981 in order to allow the Working Party on the Medium-term Plan and the Programme Budget further time to complete its consideration of the UNCTAD section of the proposed programme budget for the biennium 1982-1983 and adopt its report to the Board.

2. The present report contains an account of the Board's consideration of the report of the Working Party and of certain other matters. 1/

1/ For a fuller account of the proceedings during the second part of the twenty-second session, see the summary record of the 553rd meeting (TD/B/SR.553).

CHAPTER I

MATTERS REQUIRING ACTION BY THE BOARD ARISING FROM OR RELATED TO REPORTS AND ACTIVITIES OF ITS SUBSIDIARY AND OTHER BODIES: MEDIUM-TERM PLAN AND PROGRAMME BUDGET (Agenda item 8 (e))

3. Under this agenda item the Board had before it the report of the Working Party on the Medium-term Plan and the Programme Budget on its third session (TD/B/WP/L.6 and Add. 1-5, as amended and completed by TD/B/L.593 and Corr. 1). 2/
4. The report of the Working Party was introduced by its Chairman.
5. The spokesman for Group B said that his Group noted with satisfaction that the UNCTAD section of the proposed programme budget for the biennium 1982-1983 appeared to be in conformity with the positions taken by a number of Governments in favour of zero real programme growth. In view of the serious economic situation which currently was affecting the entire international community, Group B was prepared to co-operate closely with the secretariat in finding ways to use existing resources more efficiently to carry out programmes and activities which had been identified as being particularly important to all member States. He hoped that the comments made at the third session of the Working Party would assist the secretariat in allocating resources to programmes in accordance with the decisions and priorities of the member States. He also hoped that in the future it would be possible to strengthen the Working Party's role in programme management through the introduction of programme evaluation.
6. In expressing his Group's appreciation to the secretariat for the documentation submitted to the Working Party at its third session, he said that document TD/B/WP(III)/CRP.1 on programme elements had proved extremely useful and he expressed the hope that the secretariat would continue to furnish such information to the Working Party at future sessions. The document would be even more useful, however, if it could be distributed six weeks in advance of the session, along with the other documentation. His Group had also appreciated receiving the list of consultants and trusted that the secretariat would continue to provide such information to the Working Party on an annual basis.
7. Group B hoped that the report of the Working Party, which contained comments of specific UNCTAD programmes, would be fully taken into account by the Committee for Programme and Co-ordination, the Advisory Committee on Administrative and Budgetary Questions, and the Fifth Committee of the General Assembly when they came to consider the UNCTAD section of the programme budget. Group B noted the promise of the secretariat to prepare an appropriate document that would set forth modifications deemed necessary in the programme budget document in the light of the examination by the Working Party. The comments made by individual Group B delegations on specific UNCTAD programmes would be pursued further in CPC, ACABQ and the Fifth Committee with a view to ensuring further careful scrutiny of the UNCTAD section of the programme budget. These comments reflected a concern that, in a number of programmes and subprogrammes, the UNCTAD secretariat seemed to have interpreted its mandate for activities on various policy issues more broadly or narrowly than the terms of the mandate actually given. In other areas, they had expressed the hope that the secretariat would focus more resources on particular programmes through redeployment. He trusted that these comments would be helpful to the United Nations budgetary authorities in New York.

2/ Official Records of the Trade and Development Board, Twenty-second Session, Supplement No. 6 (TD/B/850), provisionally circulated as document TD/B/WP(III/Misc.2).

8. With particular reference to the programme on economic co-operation among developing countries (ECDC), he reiterated the position of Group B countries, with the exception of Turkey, as stated at the twenty-first session of the Board, that their support for further work on ECDC must proceed on the basis of the participation of all States members of UNCTAD and their association in the decision-making process. Group B could not agree to procedures that would attempt to limit the discussion of, and the circulation of documentation on, the substantive issues involved to the members of one caucus group, or to make participation by developing countries subject to the definition of that group. In that connection, Group B emphasized its firm attachment to the principles of sovereign equality and universality on which all activities of UNCTAD must be based.

9. The spokesman for the Group of 77 said that his Group noted with considerable regret that the proposed programme budget for the biennium 1982-1983 had had to be based on zero real growth. It had been argued that zero growth was required because of the need for fiscal restraint at the national level and because of the serious economic situation facing the international community. As for the first argument, he felt it was questionable whether any reductions in expenditure on international co-operation would have a very significant impact on national budgets, especially on those of the developed countries. In any case, proposals to reduce expenditure on international co-operation were being associated not with over-all cuts in expenditure but with increases in expenditure in areas that did not themselves contribute to international co-operation. In the view of the Group of 77, substantial progress in dealing with the persistent problems of development was an indispensable element in mitigating the economic problems facing the world today. Indeed, his Group believed that the problems of development and structural reform of international economic relations were at the very centre of the present difficulties of the world economy. Hence, his Group would have expected a call for a considerable strengthening of efforts to solve problems in the field of international trade and development, which were the central concern of UNCTAD, rather than proposals for restraint.

10. The Group of 77 stressed that the programme budget should be discussed in the context of programmes of work stemming from various resolutions and decisions adopted in UNCTAD. Many of these resolutions and decisions had been the result of long and arduous negotiations, extending in many cases over a period of several years. While supporting the need for maximum economy in the use of resources consistent with the programme of work, the Group of 77 felt bound to express its profound regret that efforts were being made to use the occasion of the session of the Working Party to dilute mandates that had been freely negotiated and accepted in good faith. Certainly, at a time when the developing countries - if not the world as a whole - were experiencing unprecedented economic difficulties, the appropriate response should be to strengthen the work in UNCTAD, not to weaken it.

11. The Group of 77 noted with satisfaction that the Secretary-General of UNCTAD had made great efforts to make the most efficient use of available resources, inter alia, by the redeployment of resources that had become available mainly through the recent successful completion of some negotiations. His Group fully supported the Secretary-General's intention to use the available resources in a flexible manner in order to meet new situations as they might arise in the biennium 1982-1983 and to allow for the most efficient use of the limited resources which, by any standard, must be considered extremely modest in relation to the problems dealt with by UNCTAD. He added

that his Group believed that the mandates given to the Secretary-General of UNCTAD had been correctly interpreted and converted into work programmes. In point of fact, certain mandates could have been given broader scope in terms of activities than had been done by the Secretary-General of UNCTAD, who was limited by the constraints of budgetary austerity.

12. With respect to specific programmes, the Group of 77 wished to highlight two major problems, one in connection with the programme on the least developed countries and one in connection with the commodities programme. His Group had noted that the programme on the least developed countries, programme 8 in document A/36/6, 3/ was of a provisional nature pending the outcome of the United Nations Conference on the Least Developed Countries in September 1981. At the same time, it considered that the importance given to this problem in the document did not reflect the importance attached to it by the States members of UNCTAD. While the Group of 77 understood the nature of the provisional presentation in the document, it sincerely hoped that a revision, based upon the result of the United Nations Conference, would reflect the importance attached to this programme by the international community and specifically by his Group. He looked forward to a revision of this programme, in accordance with the relevant resolutions, after the United Nations Conference.

13. Turning to the programme on commodities, the presentation of which had caused some concern to his Group, he said that although the Group of 77 fully endorsed the programme put forward by the Secretary-General of UNCTAD, it failed to understand why resources made available for the launching of the Integrated Programme for Commodities in 1976 were still considered as being of a temporary and non-recurrent nature in the new biennium. That appeared to contradict the relevant resolutions adopted on the Integrated Programme, in particular Conference resolution 124 (V). In this respect, he fully supported the view that, since the IPC had now become a regular part of UNCTAD's work programme, these resources should be shown as regular resources. Moreover, the Group of 77 could not associate itself with any suggestions for reducing the over-all level of work under the IPC. If some delegations were of the view that too many resources were being projected for work on individual commodities, they must ask themselves what were the underlying reasons for the protracted process of preparatory work and negotiations on those commodities. Certainly, it was not the Group of 77 which had been frustrating efforts to complete this work. He was particularly concerned about the perceptions of some delegations regarding the resources utilized in implementing Conference resolution 124 (V), section III. It was his Group's understanding that, at the fifth session of the Conference, all Governments had agreed to add a significant dimension to the work under the IPC, especially in the fields of processing and marketing and distribution. He accepted the secretariat's explanation that these were relatively new fields which were technically complex and which therefore required very substantial inputs of staff and related resources. The Group of 77 wished therefore to reaffirm its unreserved support for the policy accepted since UNCTAD V to redeploy any resources becoming available as a result of the completion of work on the Common Fund and on individual commodities to work on the areas covered by resolution 124 (V), section III. His only regret was that progress in the two former areas could not have been faster, which would have allowed more resources to be freed for the latter during the 1982-1983 biennium.

14. He added that the Group of 77 noted with satisfaction the work being undertaken by the UNCTAD secretariat with respect to the debt problems of developing countries. His Group wished to see the Secretary-General of UNCTAD continue his activities in this area, as mandated by Board resolutions 165 (S-IX) and 222 (XXI). It was also the wish of his Group that the secretariat should continue its consideration of international monetary issues as they related to trade and development.

3/ Official Records of the General Assembly, Thirty-sixth Session, Supplement No. 6 (A/36/6 and Corr.1), vol. II, sect. 15.

15. Turning to the programme on manufactures, he said that the Group of 77 attached great importance to this programme and, in particular, to those elements relating to protectionism and structural adjustment and to restrictive business practices. The issue of protectionism, which involved all governmental and non-governmental barriers to trade, and that of structural adjustment, lay at the centre of all the economic debates at the international level. The Group of 77 could certainly not associate itself with any suggestions from other Groups which, in effect, would result in non-fulfilment of mandates given to the secretariat in these areas.

16. With respect to economic co-operation among developing countries, he said that the Group of 77 was appreciative of the work done so far by the UNCTAD secretariat to implement Conference resolution 127 (V) and General Assembly resolution 33/195. It was the hope and belief of his Group that the secretariat would continue to support the efforts of the developing countries in this area. The proposed programme budget did not and could not support the enormous volume of work which the secretariat had been asked to carry out. He therefore hoped that the Secretary-General of UNCTAD would be fully supported in all his efforts to mobilize extrabudgetary resources for this work.

17. Referring to the statement by the Secretary-General of UNCTAD to the Working Party, concerning marginal and obsolete activities at a time when strict budgetary austerity prevailed and the available resources could satisfy only the most urgent priorities, he said it would indeed appear somewhat futile to identify marginal and obsolete activities when the Secretary-General of UNCTAD had not been able even to consider including certain important areas of activity in his recent programme budget proposals.

18. On the question of the functioning of the Working Party, particularly in connection with the Board's recent resolution on rationalization (resolution 231 (XXII)), according to which the main Committees should in future review their respective programmes of work, he said that this provision might help the Working Party when it dealt with the programme budget to concentrate better on the main features of the budget and the main orientations of the programme. The Working Party might wish at future sessions to give some more attention to this matter.

19. The representative of India, speaking on behalf of the Asian Group, said that in view of all that had been said, he found it necessary to supplement the statement made by the spokesman for the Group of 77, whose remarks he fully endorsed. Two subjects in particular gave him special concern - the Integrated Programme for Commodities and economic co-operation among developing countries. He could not subscribe to the view that there should be a reduction in total resources for work on commodities in UNCTAD. Any such suggestion carried a clear implication that the current high level of activity and the intensive negotiating process on individual commodities should slacken considerably. That had clearly not been the intention of the Conference when it adopted resolution 124 (V) urging an acceleration of the work on individual commodities and providing a new emphasis and a new dimension for the work on commodities in UNCTAD. Nor would such an attitude meet the urgent needs and requirements of developing countries in a sector vital to their economic development or serve the interest of the international community.

20. The work on individual commodities and the efforts in UNCTAD to establish viable and meaningful international commodity agreements had taken much longer than originally envisaged. This was not the occasion for recriminations or deep analysis of the reasons for the lack of adequate achievements in the commodity field, but the

facts were indisputable. International co-operative action to reform the world commodity economy, and to modernize and transform it, had still to be accomplished. Over the past five years the international community had recognized the importance of the commodity issue as a major problem in the international economic field. Efforts had been made by all parties to remedy the situation. Resources had been provided to UNCTAD for laying the foundations of international co-operative action. It would be most regrettable if the groundwork which had been laid to bring about a better situation in commodity markets for the mutual benefit of producers and consumers were eroded for want of resources in UNCTAD. There remained considerable unfinished business on individual commodities, which surely needed to spill over into the next biennium. Minerals and metals, tea, jute, hard fibres, tropical timber, bananas, meat and vegetable oils and oilseeds were but examples. Moreover, there was an intimate link between the establishment of the Common Fund and the activities on individual commodities. It was reasonable to expect a more active and successful negotiating process during the next biennium, when the financial facilities of the Common Fund should become available.

21. For all these reasons the Asian Group strongly supported the maintenance of, at the very least, the existing level of resources for work on commodities, including an enhanced effort in the areas of processing and marketing and distribution, so that balanced progress could be achieved in solving the many facets of the commodity problem.

22. Turning to economic co-operation among developing countries, he welcomed the efforts made by the UNCTAD secretariat, in relation to the organization of meetings and other forms of support for ECDC, which were an important hallmark of a new approach to the changing world economic scene. The work programme in this area was of great importance and he reiterated the hope of his Group that the secretariat would continue and expand its work on the basis of adequate financial and staff resources and appropriate support from the developed countries.

23. The representative of Nigeria, speaking on behalf of the African Group, said his Group shared the disappointment of other regional groups of the Group of 77 that at this important stage of UNCTAD's work on commodities attempts were being made to diminish the effort through budgetary reductions. The African Group could not support any initiatives of that kind. Other spokesmen on behalf of the developing countries had already drawn attention to the need to ensure adequate resources for the continuity of work on the Common Fund and for significantly expanding work on the subjects covered by section III of Conference resolution 124 (V). His Group fully endorsed those remarks.

24. He also wished to stress the importance of the programme of work on individual commodities. Although it now appeared that difficulties existed in securing a consensus on price stabilization arrangements for some commodities, that did not mean that efforts to find appropriate solutions to the problems of price instability should be abandoned. While the search for solutions continued, attempts should also be made to reach agreement on developmental measures that could be financed through the Second Account of the Common Fund, a matter to which his Group attached great weight. So far most of the work done in connection with possible Second Account funding had been focused on a few commodities, notably jute, hard fibres, tropical timber and vegetable oils and oilseeds and the list should be extended to cover as many as possible of the Nairobi commodities. Indeed, such a commitment had already

been made in section III of Conference resolution 124 (V), where it was agreed that studies should be undertaken on the needs and costs in the medium term in the fields of research and development, market promotion and horizontal diversification. His Group believed that such studies should provide a basis for promoting international action under the Integrated Programme and felt strongly that more resources should be devoted to this task as work on the Common Fund and other areas was completed. The African Group also attached considerable importance to work on the international food trade and in that connection, too, hoped that the release of resources from other activities would enable such work to be strengthened. He therefore reiterated that the African Group stood firmly behind the Integrated Programme and could not support any reduction of budgetary resources devoted to it, since it firmly believed that any resources released from existing activities could be productively employed in servicing other priority areas under the Programme.

25. He expressed the hope that the remarks made by the spokesman for the Group of 77 would be taken into account when the Committee for Programme and Co-ordination considered the UNCTAD section of the proposed programme budget for the biennium 1982-1983.

26. The representative of Venezuela, speaking on behalf of the Latin American Group, fully supported the position expressed by the spokesmen for the African Group and the Asian Group and associated his Group with the general position of the Group of 77 as set out by its spokesman, opposing any reduction in the level of activity under the Integrated Programme for Commodities and consequently any reduction in the budgetary appropriation for that purpose.

27. He stressed that at UNCTAD V all groups had joined in adopting resolution 124 (V), whereby UNCTAD would embark on a major new effort in the field of commodities, especially in relation to the establishment of an international framework for co-operation in the field of processing and marketing and distribution. Since UNCTAD V the Committee on Commodities had taken steps to implement a programme of work in these areas. The first phase would begin in November 1981, when the Permanent Sub-Committee on Commodities would be reconvened, followed by a special session of the Committee on Commodities itself. The secretariat had explained that this work would absorb substantial staff and related budgetary resources.

28. It was the understanding of the Group of 77, as he believed it was of other groups, that this resolution called for the UNCTAD secretariat to undertake regular, comprehensive studies in these fields. In the view of the Latin American Group, many of these studies involved breaking new ground, since they covered subjects which had not previously been researched, or at least not in sufficient depth. If the objectives of the resolution were to be fulfilled, the secretariat could not be denied the resources required to carry out the work properly and with the necessary flexibility in managing these resources.

29. The Latin American Group also attached considerable importance to ensuring that the momentum of work on the Common Fund and on individual commodities was sustained and that work in other areas, such as international food trade, advanced as fast as possible.

30. In view of these well recognized needs, he urged all groups, in the interest of furthering international co-operation in the field of commodities, which was one of the few areas where some progress had been made in UNCTAD - albeit on a modest scale and at a disappointingly slow pace - to throw their weight behind the commitments all had entered into at Nairobi and at Manila and support a continuation in 1982-1983 of the level of resources currently devoted to the Integrated Programme for Commodities.

31 The representative of Sudan, also speaking on behalf of the African Group, with special reference to the programme for the least developed countries, noted with regret that, in spite of the grave and acute problems facing those countries, no growth in the programme was envisaged in the new biennium. Paragraphs 15.67 to 15.69 of the proposed programme budget indicated that the future work programme depended on the results of the forthcoming United Nations Conference on the Least Developed Countries. ^{4/} The African Group would therefore insist that the capacity of the programme in this area be enhanced, taking into account the contents of paragraph 40 of Conference resolution 122 (V), which called for additional resources to be provided to the secretariat unit dealing with least developed countries and for urgent consideration to be given to transforming it into a separate division of the secretariat. He urged the Secretary-General of UNCTAD, in his capacity as Secretary-General of the United Nations Conference on the Least Developed Countries, when preparing the report to the General Assembly on the outcome of the Conference, to ensure that, in indicating the financial implications, the necessary budgetary and staffing resources be made available, in accordance with Conference resolution 122 (V). He further requested the Secretary-General of UNCTAD to consider redeployment of resources within the secretariat so as to reinforce the present unit.

32. His Group also believed that the main Committees of the Board should consider how they could best contribute to implementation of the programme on the least developed countries, in the context of their over-all activities.

33. The African Group requested that these concerns should be fully reflected in the final programme budget to be submitted to the General Assembly.

34. The spokesman for Group D said that the Working Party had performed useful work at its third session in undertaking a comprehensive and realistic assessment of the proposed programme budget for 1982-1983. In that period a number of important tasks would have to be fulfilled in order to implement the decisions adopted at UNCTAD V. In the same period, UNCTAD VI was to be prepared and held, which would increase the workload for the secretariat. He emphasized that the available staff and financial resources would need to be employed in a concentrated manner. Resolution 231 (XXII) adopted by the Board at the first part of the twenty-second session, on rationalization of the permanent machinery of UNCTAD would have to be implemented in all areas of the secretariat's activities. Group D felt that such an approach would lead to a more strict discipline, in keeping with the budget, and would avoid budget increases that were not justified. This understanding was the basis for observations on the proposed programme budget which had been made by the representatives of Group D countries. It was particularly true for the position held by Group D countries that the principle of a just and equitable geographical distribution of posts within the UNCTAD secretariat should be observed. They had reiterated their view, as expressed at previous sessions of the Board and in other United Nations forums, that it was necessary to implement activities strictly within the limits set by available resources and to prevent any unjustified increase in the budget. That was why the Group D countries had always requested, on the adoption of resolutions, that their potential financial implications should be firmly taken into consideration. This critical analysis of the programmes and programme elements also included the need for strict observance of the principle of universality in UNCTAD's work in the context of the allocation of resources.

35. Referring to the concrete proposals made on individual programmes or on the balance among programme elements by the representatives of the countries of Group D, he said that Group D expected, in the interest of effective work, that these proposals would be taken into consideration in the preparation of the final programme budget for 1982-1983. The activity of the Working Party would be undermined if the main results

^{4/} Ibid.

of the discussions were not accurately reflected in concrete terms in the final document. The Group D countries would be having this consideration in mind in determining their positions in the discussions on the budget in the Fifth Committee.

36. In conclusion, he expressed the satisfaction of his Group that the activities of the Working Party were acquiring increasing importance and thus helping to enhance the effectiveness and efficiency of the work of UNCTAD. The Group D countries would continue to contribute to this endeavour in the future.

37. The representative of the United Kingdom, speaking also on behalf of a number of other Group B countries (Australia, Belgium, Canada, Federal Republic of Germany, Italy, Japan, Spain, Switzerland and United States of America), said that, in view of the importance of evaluation activities, those countries hoped that the UNCTAD secretariat would take the necessary initiative to develop an internal evaluation system, as recommended in the report of the Joint Inspection Unit, 5/ in order to strengthen UNCTAD's programme management and to enable its governmental bodies better to assess the results of UNCTAD's work programmes. Furthermore, like the spokesmen for the other Groups, the countries for which he spoke were convinced that the work of the Working Party, as a subsidiary body of the Trade and Development Board, would prove to be useful not only as a tool for improving future decision-making but also as a means of achieving efficient utilization of the resources of UNCTAD.

38. The representative of China said that his delegation supported the adoption of the report of the Working Party on the Medium-term Plan and the Programme Budget on its third session. Recalling the two statements made by his delegation during that session, which were applicable also to the current session of the Board, he said that the Chinese delegation considered the proposed programme budget to be realistic and basically practicable. He expressed appreciation for the work of the Working Party and was satisfied with its success. In view of the international economic situation, the international community should attach even more importance to the mandate of UNCTAD and strengthen its work. It should, moreover, take steps to ensure the allotment of manpower and financial resources to meet UNCTAD's requirements, so that UNCTAD could perform its functions more effectively. The Chinese delegation agreed with the areas of key priority listed by the Secretary-General of UNCTAD in his statement to the Working Party, namely, commodity prices and earnings and the IPC; protectionism and structural adjustment; money and finance; and ECDC. At the same time, his delegation was also of the opinion that sufficient attention should be given to the support programme for the least developed countries. As there was no real growth envisaged in the UNCTAD programme budget for 1982-1983, there would have to be restraint for the activities of UNCTAD. Under such circumstances, he felt that the Secretary-General of UNCTAD should be granted appropriate flexibility in his management and use of staff and other resources to enable him to deploy those resources in a rational way, within the limitations imposed by the budget, and to guarantee the effective implementation of work programmes in key areas.

Action by the Board

39. The Board took note of the report of the Working Party on the Medium-term Plan and the Programme Budget on its third session and of the proposed programme budget for the biennium 1982-1983 and requested the Secretary-General of UNCTAD to transmit the report, together with the comments thereon, to the appropriate United Nations bodies for their consideration (see annex below, decision (a)).

5/ JIU/REP/81/5, circulated to members of the General Assembly under the symbol A/36/181.

CHAPTER II

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS (Agenda items 10, 11 and 12)

A. Opening of the second part of the twenty-second session

40. The second part of the twenty-second session of the Trade and Development Board was opened on 12 May 1981 by the President of the Board, Mr. P.H.R. Marshall (United Kingdom of Great Britain and Northern Ireland).

B. Membership and attendance 6/

41. The following States members of UNCTAD, members of the Board, were represented at the session:

Algeria	Ghana	Saudi Arabia
Australia	Greece	Senegal
Austria	Hungary	Somalia
Belgium	India	Spain
Bolivia	Indonesia	Sudan
Brazil	Iran	Sweden
Bulgaria	Iraq	Switzerland
Burundi	Israel	Thailand
Byelorussian Soviet Socialist Republic	Italy	Tunisia
Canada	Japan	Turkey
Chile	Jordan	Ukrainian Soviet Socialist Republic
China	Libyan Arab Jamahiriya	Union of Soviet Socialist Republics
Colombia	Luxembourg	United Arab Emirates
Czechoslovakia	Madagascar	United Kingdom of Great Britain and Northern Ireland
Denmark	Malaysia	United Republic of Cameroon
Ecuador	Malta	United Republic of Tanzania
Egypt	Mexico	United States of America
El Salvador	Morocco	Uruguay
Ethiopia	New Zealand	Venezuela
Finland	Nigeria	Yugoslavia
France	Norway	Zaire
German Democratic Republic	Peru	
Germany, Federal Republic of	Poland	
	Qatar	
	Romania	

42. The following other State member of UNCTAD was represented at the session:
Rwanda.

43. The United Nations Industrial Development Organization was represented at the session.

6/ For the list of participants, see TD/B/INF.108.

44. 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

The General Agreement on Tariffs and Trade was also represented.

45. The following intergovernmental organizations were represented at the session:

Council for Mutual Economic Assistance
League of Arab States
Organization of American States

46. The following non-governmental organizations were represented at the session:

General category:

Christian Democratic World Union
Friends World Committee for Consultation (Quakers)
International Bar Association
International Law Association

47. The Palestine Liberation Organization participated pursuant to General Assembly resolution 3237 (XXIX).

C. Designation of intergovernmental bodies for the purposes of rule 78 of the rules of procedure
(Agenda item 10 (c))

48. In accordance with the decision taken at its 552nd meeting, on 20 March 1981, 7/ the Board considered an application from the Arab Fund for Technical Assistance for African and Arab Countries for designation under rule 78 of the rules of procedure of the Board and rule 80 of the rules of procedure of the Conference 8/ and approved such designation (see annex below, decision (b)).

D. Review of the calendar of meetings
(Agenda item 10 (e))

49. The representative of the Secretary-General of UNCTAD made a statement regarding a number of calendar matters which had arisen since the first part of the session.

7/ See part one above, annex I, Other decisions (a).

8/ The application by this intergovernmental body, together with information on its history, aims and structure, is contained in document TD/B/R.25 and Corr.1 (de-restricted).

Action by the Board

50. In the light of the statement by the secretariat, the Board:

(a) Noted that the United Nations Tin Conference, 1980, would be reconvened from 9 to 26 June 1981;

(b) Agreed that exceptions to the principle contained in paragraph 24 (a) of Board resolution 231 (XXII), namely, that no more than two simultaneous UNCTAD meetings should be held, could be authorized via the consultation procedure under Board decision 143 (XVI), if this appeared necessary in the light of the timing of the sessions of the Board;

(c) Agreed that in future any arrangements that might be required in order to facilitate the observance of Islamic holidays which fell during the course of an UNCTAD meeting would be the subject of agreement among the delegations concerned.

E. Other business (Agenda item 11)

51. Before closing the session, the President indicated that, pursuant to Board resolution 231 (XXII) on the rationalization of the permanent machinery of UNCTAD, he might wish to take the opportunity of consulting informally with members of the Board concerning preparations for the twenty-third session, particularly the organization of work of the session, with reference to section II of Board resolution 231 (XXII). In the absence of any comment, he took it that the Board had no objection.

F. Adoption of the report of the Board to the General Assembly (Agenda item 12)

52. The Board, noting that its report on the second part of the twenty-second session would form part of its annual report to the General Assembly at its thirty-sixth session, authorized the Rapporteur to prepare the report on the second part of the twenty-second session after the close of the session.

G. Closure of the session

53. At the same meeting, the President declared closed the twenty-second session of the Trade and Development Board.

ANNEX

Decisions adopted by the Trade and Development Board at the
second part of its twenty-second session

(a) Report of the Working Party on the Medium-term Plan and the Programme Budget
on its third session a/

At its 553rd meeting, on 12 May 1981, the Board took note of the report of the Working Party on the Medium-term Plan and the Programme Budget on its third session b/ and of the proposed programme budget for the biennium 1982-1983, and requested the Secretary-General of UNCTAD to transmit the report, together with the comments thereon, to the appropriate United Nations bodies for their consideration.

(b) Designation of intergovernmental bodies for the purposes of rule 78 of the
rules of procedure c/

At its 553rd meeting, on 12 May 1981, the Board decided that the following body which had applied for designation under rule 78 of the rules of procedure of the Board and rule 80 of the rules of procedure of the Conference should be so designated:

Arab Fund for Technical Assistance for African and Arab Countries

a/ See para. 39 above.

b/ Official Records of the Trade and Development Board, Twenty-second
Session, Supplement No. 6 (TD/B/850).

c/ See para. 48 above.

Part Three

REPORT OF THE TRADE AND DEVELOPMENT BOARD ON
THE FIRST PART OF ITS TWENTY-THIRD SESSION

Held at the Palais des Nations, Geneva,
from 28 September to 12 October 1981

INTRODUCTION

1. The twenty-third session of the Trade and Development Board was opened on 28 September 1981 by the outgoing President, Mr. P.H.R. Marshall (United Kingdom of Great Britain and Northern Ireland). On handing over his office, he expressed the hope that the Board would pursue vigorously its work on the rationalization of the permanent machinery of UNCTAD and improving the efficiency of its subsidiary bodies and that it would refrain from taking any decisions which might cast doubt on the capacity of UNCTAD as a whole to play its full part in its own affairs as a constituent member of the United Nations system.
2. Taking the Chair upon his election as President, Mr. H.A. Dabbagh (Kuwait) observed that the achievement of economic prosperity for the developed countries could not, in the long run, be divorced from the development of the developing countries. The interdependence of developing and developed countries was a tangible economic reality. The prevailing unanimity regarding the bleak prospects for the world economic situation emphasized the fact that the principles on which the existing international economic order was based could no longer ensure growth and prosperity. Developed countries had begun to look for a scapegoat for the world economic disorder, pointing accusingly at one economic factor, and had begun to describe their ills as a passing phenomenon. Meanwhile, the situation of most developing countries was going from bad to worse. 1/
3. The UNCTAD secretariat's Trade and Development Report, 1981 2/ painted a gloomy picture of the economic future awaiting the developing countries; nor did its picture of the economic situation of developed countries inspire optimism. He recalled in that connection that, in opening the United Nations Conference on the Least Developed Countries on 1 September 1981, the President of France had asked whether there was really any hope for the solid and lasting recovery of developed economies without the help of new markets, new partners, new worlds with which to co-operate, trade and communicate on an equal basis, and had stated that helping the third world was in fact helping the entire international community out of the crisis. The forthcoming Cancun Summit, however, would, it was hoped, contribute to the resumption of the North-South dialogue and the revival of the global negotiations. UNCTAD had achieved a measure of success which should be preserved and increased and its role was not incompatible with other attempts to solve the world's economic problems. The two were, in fact, complementary and had a common goal, namely, technical solutions resulting from the convergence of UNCTAD's expertise and political will at the highest level. Without such a convergence there would always be a link missing from the chain of measures to accelerate the economic development of the entire world.
4. He noted that the developing countries had realized the importance of co-operation among themselves and had striven to develop it, as shown by the United Nations Conference on Technical Co-operation among Developing Countries held at Buenos Aires in 1978 and more recently by the High-level Conference on Economic Co-operation among Developing Countries held by the Group of 77 at Caracas in May 1981. World economic development implied international co-operation which the

1/ The full text of the statements by the President of the Board and the Secretary-General of UNCTAD were subsequently circulated (see TD/B(XXIII)/Misc.3 and Misc.4, respectively pursuant to decisions by the Board at its 554th and 555th meetings, the Board having taken note of the financial implications thereof.

2/ TD/B/863. Issued in printed form in English as document TD/B/863/Rev.1 (United Nations publication, Sales No. E.81.II.D.9).

Board was now seeking to strengthen as the only way to free the world from the hardships it was suffering and preserve it from disasters that might destroy it.

5. The Secretary-General of UNCTAD, in an opening statement, 1/ observed that in 1981 there had been, in many forums and at national levels, a particularly intense debate on economic issues, on the world economic situation in general, on the problems facing national economies, and on approaches to deal with these problems. He felt that the Board could contribute to that general discussion and to the search for solutions.

6. Introducing the Trade and Development Report, 1981, he pointed out that it attempted to provide a comprehensive and wide-ranging analysis of the world economic situation, with particular emphasis on its impact on the trade and development of developing countries. Just as the other authoritative studies reflected the issues with which the institutions producing them were primarily concerned, the report focused on questions which had long been the centre of discussion in UNCTAD. It analysed the short-term situation and set developments in a wider perspective, which brought out the underlying forces at work and explained a part at least of what was happening in the world economy.

7. The Report highlighted the several facets of the current economic crisis. It examined the crisis of the developed market-economy countries, of retarded economic growth, of inflation, and of unemployment in a situation of strain imposed by a number of factors, including the increase in military spending, and the impact of that crisis on the world economy and on the developing countries in particular.

8. He noted that the inflationary process in the world economy had resulted in a rapid escalation in the prices of the imports of developing countries. At the same time, the recessionary forces at work and the dampening of demand had led to a curtailment of the strength of the market in respect of the products exported by those countries. A feature of the current crisis, not present in the earlier crisis of 1973 and 1974, was that the rise in import prices had been accompanied by a relative weakening of commodity prices. The developing countries were either unable to finance the payments gaps that faced them, or would have to do so at the cost of a serious escalation of their external indebtedness. The difficulties embraced all members of the international community - the socialist countries themselves had not been immune.

9. One of the paradoxes of the situation was that the remedial measures adopted by the developed industrialized countries had themselves, in the short term at least, further aggravated the crisis itself and the problems of the developing countries. A result of those remedial measures was further dampening of demand, with repercussions on the strength of markets for the products of developing countries, while budgets were being curtailed with adverse consequences for the transfer of resources through

official aid. Interest rates had been allowed to rise and that had had repercussions on the cost of borrowing for developing countries and on the vigour of commodity markets, as well as on the relative attractiveness of productive investments.

10. Political thinking in many industrialized countries was wary of a return to excessive controls and a system of dirigisme as a means of coping with the present difficulties, and there was an underlying hope that the problems would be short-lived. Yet there was no clear evidence that the crisis was being overcome or that the measures were being successful.

11. The crisis facing the developing countries - the contraction in growth rates, the curtailment of development programmes, the shifts in income distribution internally, the stresses imposed on their societies, the escalating burden of indebtedness - pointed to the need for the international community to give priority to immediate action. UNCTAD had been trying to underline the importance of long-term basic changes in the mechanisms underlying international economic relations. In the present context such changes had to be preceded by a concentrated effort to deal with the immediate situation.

12. There was a particularly urgent need to augment the flow of financial resources to the developing countries. This implied that the resource base and the lending capability of international institutions must be strengthened. There were other proposed initiatives which should form part of an international programme to deal with the immediate situation. The member countries of OPEC had suggested the establishment of new financing mechanisms and the compensation of developing countries for inflationary increases in import prices from all sources. There were also proposals to establish a network of food reserves as a security system for the developing countries, as well as proposals for helping developing countries to finance their exploration of energy sources and the development of new sources of energy.

13. Some of the work of UNCTAD was relevant to the current situation. He underlined the importance of making rapid progress in the implementation of the Integrated Programme for Commodities to afford a measure of security and strength to commodity markets and of bringing into operation the Common Fund for Commodities. Thus, there were many steps, to which UNCTAD could contribute, which should be taken.

14. The current crisis was not made up entirely of short-term or cyclical forces; underlying them there were factors of a more basic, long-term character. Immediate action, however urgent and important, could only provide a part of the answer; it had to be supplemented by other actions of a more pervasive, far-reaching and long-term nature.

15. The Trade and Development Report, 1981, and virtually all other analyses of the basic economic situation, agreed that, for the 1980s at any rate, the prospects for the world economy were likely to be less resilient than in the past. Even the most optimistic projections seemed to depict a relatively moderate growth path for the developed countries - perhaps 2 to 3 per cent a year. This prospect would have implications for the developing countries which, because of their linkages with the industrialized countries, had been dependent on growth and prosperity at the centre for their own rates of expansion.

16. The World Bank had depicted an optimistic scenario where, if a number of important measures were taken within the existing framework, at best the developing countries might be able to look forward to a growth rate over the next decade of 4.6 per cent to 5.7 per cent per year. But the question was whether such a growth rate for those countries was really acceptable in terms of the imperatives of their political and social situations. Much more rapid rates of growth were needed if the developing countries were to face up to the problem of the search for employment opportunities on the part of an increasingly literate, educated and youthful work force.

17. The Trade and Development Report, 1981, had concluded that a higher rate of growth for the developing countries in the current decade would only be possible if four conditions were satisfied. The first was a change in the terms of trade. The developing countries could grow faster than they would otherwise do in an unfavourable external environment if there were a change in the price relationships between their exports and their imports. The experience of the oil-producing countries was relevant in this regard. If there was to be a new development paradigm, it must be based on the mutually reinforcing prosperity of all parts of the international community. Better terms of trade for the developing countries would mean better export earnings, which would be translated into a higher level of imports and increasing demand for the goods of the developed countries.

18. The second condition was in the realm of money and finance. The developing countries were undoubtedly going to require a much larger transfer of financial resources in the 1980s, which was unlikely to be forthcoming through official development assistance. Other means of promoting the flow of resources must be sought and that meant a focus on the institutional framework which mobilized finance in the international community. The resources of the international financial institutions, although impressively expanded in recent years, still fell critically short of what was needed, and there was therefore a need for innovations.

19. The third condition related to international trade. With the industrialization of developing countries, their export surpluses would increase and it was of critical importance to them that there was a world trading system capable of absorbing those surpluses, as well as of providing benefits to the developed countries.

20. The fourth condition related to the building-up of linkages among the developing countries. The prospective increase in the latter's productive capacity could not be absorbed by the developed countries alone. He had always believed that trade with the socialist countries offered promising opportunities, but a large part of the opportunities had to be provided through trade among the developing countries themselves.

21. It was important that UNCTAD should make its contribution in the period ahead to the kind of solutions that he had underlined. The Board had already taken initiatives which were of relevance. The United Nations Conference on the Least Developed Countries, organized essentially by UNCTAD, had been a direct effort to focus on one of the critical problems facing the international community; by unanimously adopting the Substantial New Programme of Action for the 1980s ^{3/} for the Least Developed Countries it had served the cause of the least developed countries by mobilizing international support for their development efforts.

^{3/} See the report of the United Nations Conference on the Least Developed Countries (A/CONF.104/22), part one.

22. UNCTAD had been taking a major initiative in the area of commodities. It was necessary to progress rapidly in implementing the Integrated Programme in terms of each of its four elements - the early bringing into operation of the Common Fund for Commodities, more rapid progress with the establishment of individual commodity agreements, progress with the supportive system of compensatory finance, and progress in the structural aspects of commodity trade, particularly in regard to processing, marketing and distribution.

23. In the area of trade UNCTAD was already seized of the problem of protectionism and structural adjustment, and the secretariat was undertaking the analytical studies to assist the Board in that respect.

24. UNCTAD had already been involved in the debt issue, and the constructive results achieved included not only the decision on debt relief for the poorer and least developed countries, but also the decision on the common features and guidelines to deal with the process of debt reorganization. There was much more work to be done in this area. UNCTAD had been working on other aspects of financial issues, such as export credit guarantee facilities and the problem of inflation. He reiterated the importance of UNCTAD's also contributing to the wider question of the relationship between the international monetary system and trade and development. In this connection, he stressed the desirability of wider participation in the work of the expert group established by the Conference in the resolution on the question adopted at UNCTAD V. The constructive support of all members of the Board in an endeavour which he felt UNCTAD was uniquely suited to undertake was essential if UNCTAD's contribution was to be as meaningful as possible.

25. He underlined UNCTAD's work in other areas related to trade, such as that of trade between countries with different economic and social systems, technology and shipping, and the contribution that UNCTAD could make in the post-ITM framework.

26. He also drew attention to the studies provided to the Board pursuant to Conference resolution 109 (V) on national liberation movements and to the need to respond to the request of the General Assembly concerning the scheduling of Board sessions and the submission of its reports to the General Assembly.

27. In conclusion, he drew attention to two issues that were also of central importance to the Board, namely, the question of a ministerial session of the Board, and that of UNCTAD VI itself.

Tribute to the memory of the President of Egypt

28. At its 562nd meeting, on 7 October 1981, the Board observed a minute of silence in tribute to the memory of H.E. President Mohamed Anwar El Sadat, who had died the previous day.

29. Before inviting the Board to do so, the President made the following statement:

"We have all heard the news of the death yesterday of Mr. Mohamed Anwar El Sadat, President of the Arab Republic of Egypt. I, as a Muslim and representative of a Muslim country, cannot but look with awe and respect at the phenomenon of death, which we consider a secret of Divine Will. I pray to God to favour him with His mercy and forgiveness. With this feeling of awe and respect before the power of death, I ask you to observe one minute's silence, reflection and prayer."

30. The present report contains an account of the Board's proceedings during the first part of its twenty-third session. 4/

4/ For a fuller account of the proceedings in plenary meetings, see the summary records of the 554th to 566th meetings (TD/B/SR.554-566).

CHAPTER I

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

(Agenda item 3)

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

(Agenda item 4)

31. For the consideration of agenda item 3 the Board had before it a report by the UNCTAD secretariat entitled Trade and Development Report, 1981 (TD/B/863). 5/

32. For the consideration of agenda item 4 the Board had before it a note by the Secretary-General of UNCTAD (TD/B/864) on the world inflationary phenomenon, prepared in response to paragraph 4 of General Assembly resolution 34/197, and a note by the UNCTAD secretariat concerning the world economic outlook for 1981 and 1982 (TD/B/865), which was reviewed in the Trade and Development Report, 1981.

33. Also before the Board was a draft resolution (TD/B/L.360) remitted from previous sessions.

34. In an introductory statement the Director of the Money, Finance and Development Division said that this first annual issue of the Trade and Development Report was necessarily of an experimental nature. The secretariat was fully aware of its shortcomings and of the possibilities of improving it. Future issues would take account of any comments made at the present session.

35. He noted that the report had been discussed recently in Washington by the Ministerial Committee of the Group of 24, 6/ when considering the world economic situation. The Ministers had expressed considerable concern at the widespread development crises in the developing countries, as demonstrated in particular by serious cutbacks in their social infrastructure programmes and curtailment of fixed investment. Of particular concern had been the exceptionally high current-account deficits of many developing countries, seen as being due primarily to increased protectionist policies pursued by the developed countries, their relatively low level of economic activity, deterioration in the terms of trade of most primary commodity producers, and the sharp increase in interest payments. Further, as a result of the heavy reliance on monetary instruments in the developed countries, interest rates in capital markets had risen, increasing the debt-servicing burden of the developing countries and reducing to one third the portion of gross capital inflows available for financing investment. There had been general agreement in the Group of 24 that the solution to the current development crisis had to be sought through a programme of structural adjustment, carried out on a global basis involving the entire international community and not restricted to deficit developing countries. It had

5/ Issued in printed form in English as document TD/B/863/Rev.1 (United Nations publication, Sales No. E.81.II.D.9).

6/ IMF Inter-governmental Group on Monetary Matters.

further been stressed that the policy-induced deficits in developing countries had made it necessary for them to seek assistance from multilateral agencies, which viewed the provision of such assistance in terms of conditionality that took in sufficient account of both the exogenous nature of the factors involved and the need to introduce at a global level a symmetrical adjustment process based on an equitable sharing of the burden of adjustment among all member States.

36. In the view of the UNCTAD secretariat, from the long-term perspective one could either accept the situation as it stood and see what was the maximum growth rate that could be achieved, given the current system of international economic relations, or consider the minimum growth and development targets for developing countries and their implications for international measures designed to underpin such a programme. In a number of recent reports, emphasis had been placed on the first alternative, i.e. to consider the development prospects of the developing countries in the context of a slow-growing world economy. On that assumption, it was quite likely that the developing countries as a whole would grow at only 4.5 to 5.6 per cent annually. In the report it was suggested that further examination of policy possibilities in that context might be unnecessarily defeatist.

37. In considering the world economy from the long-term standpoint, it was necessary to have higher objectives and to consider what would be required to secure a faster growth in the developing countries. That was necessary not only because the General Assembly had established a minimum target growth of 7 per cent per annum for the developing countries in the 1980s but also because a 4.5 to 5.6 per cent growth might be inconsistent with political and social conditions. The secretariat had calculated that if the rate of urban unemployment in developing countries were to remain constant in the years to come, the economies of those countries would have to grow at a rate of at least 7 per cent per year. If the policy implications of a rapid rate of growth in the developing countries were examined in the context of slow growth in the developed countries, it was true that during a transitional period large imbalances in trade and financing would arise, but it was interesting to note that such a paradigm was possible in the long run. If the developing countries as a whole were enabled to grow at a relatively rapid rate over a sufficiently long period of time, before the end of the century they would carry sufficient weight in economic terms to sustain their autonomous development and determine their rate of growth to a great extent independently of economic conditions in the rest of the world. Projections indicated that fast growth in the developing countries, even with slow growth in developed countries, would start to generate patterns of international trade which would be more balanced and sustainable than at present. However, the problem was not that of devising a viable solution in the long run but that of underpinning the transitional period between the present and the time when the developing countries could support on their own the process of a rapid rate of development. The report under consideration indicated a number of measures which the Board might wish to consider.

38. In that respect he noted that a number of countries, particularly developing ones, were finding it increasingly difficult to cope with certain monetary, financial and production problems in the face of the growing activities of transnational corporations. The Report highlighted certain sectors in which the operations of those corporations made it difficult for Governments of those countries to pursue the domestic and international policies which they had set themselves.

39. Representatives who spoke on these two items expressed appreciation to the UNCTAD secretariat for the effort made in producing the Trade and Development Report, 1981. Most representatives welcomed the Report and endorsed the intention of issuing it on an annual basis.

40. Many representatives regretted the delay in circulation of the Report in the original language and its even later availability in the other working languages,

which did not allow a careful examination of the Report in their capitals and a thorough discussion at the Board. In consequence, they indicated that any comments they would make could only be of a preliminary nature. Some delegations expressed serious reservations on the way countries were classified in the Report. They qualified this classification as arbitrary and noted it was not based on any classification used in official documents of the United Nations.

41. Many representatives indicated their approval of the effort to provide an integrated framework for consideration of this agenda item by the Board, i.e., taking into account the interconnections among economic policies in the areas of trade and development, money and finance; the interactions among the economies of different countries and country groups; the relationship of long-term structural factors in development to cyclical factors in explaining the current world economic crisis; and the implications of this analysis for the examination of the development prospects of developing countries during the next two decades.

42. Many representatives agreed with the emphasis in the Report on the gravity of the present world economic situation, noting with concern the deceleration of GDP growth rates among all groups of countries, especially among the developing countries and most of all the least developed and MSA countries. They noted with concern the rise in unemployment in both developed market-economy and developing countries and the growth of protectionist pressures. Several expressed concern over the exceptionally high interest rates in international capital markets and the extent of currency fluctuations which had resulted from the emphasis on monetary policy by some developed market-economy countries to combat inflation. They also expressed concern over the mounting indebtedness and heavy debt-service burden of the developing countries, which had been aggravated by these high interest rates. The representatives of many developed market-economy countries disagreed with the degree of pessimism reflected in the Report and noted that the international financial trading system had responded reasonably well to the unexpected challenge of the 1970s.

43. The representatives of the socialist countries of Eastern Europe and of some developing countries noted with concern the increased expenditures on armaments by many countries, while the argument of insufficient resources was used to justify a reduction in the provision of official development assistance in real terms.

44. With respect to the evolution of the world economy in the long term and the development prospects for developing countries, many representatives welcomed the attempt in the Report to provide a new development paradigm in which increased economic co-operation among developing countries and increased import substitution, supported by such international measures as implementation of the Integrated Programme for Commodities and reforms of the international financial system, might permit the attainment of the growth rates envisaged in the International Development Strategy for the Third United Nations Development Decade. In their view, such a new paradigm was warranted, *inter alia*, because of prospects for slower growth in developed countries and of a slower increase in world trade than in the past 25 years. Several, however, expressed doubts about concepts underlying the secretariat's paradigm.

45. The representatives of several developed market-economy countries indicated their disagreement with the Report in attributing the current world economic crisis exclusively to the functioning of the present international economic system. Some of them took the view that it was the existing international economic system that had permitted several developing countries to attain remarkably high growth rates. The representatives of several developed market-economy countries also felt that more emphasis might have been given in the Report to the importance of designing and implementing appropriate national development policies. Some representatives said that UNCTAD should discuss specific international measures rather than focus on systemic change.

46. There was general agreement that the Report was complementary to the annual reports issued by other international organizations. Some representatives suggested that the Report could provide a framework for lending more coherence to the regular work of the Board and its subsidiary bodies. Among the purposes which future issues of the Report could serve, some representatives suggested review and appraisal of the implementation of the International Development Strategy, progress in the establishment of the new international economic order, and progress in the pursuit of economic co-operation among developing countries.

47. The representative of the United Kingdom, speaking on behalf of the European Economic Community and its member States, stated that the current world economic situation was of great concern to developed and developing countries alike. The Community was profoundly - and uneasily - conscious of the need for all countries to make major adjustments in the short run as well as in the long run in such a manner as to take into account the effects on other countries, both developed and developing, of the policies and measures adopted individually by the EEC countries. Those countries which had already made serious efforts to adapt to changing circumstances had, in his view, withstood the current world economic crisis better. It was also clear that the international community must improve the framework of international economic relations to accelerate the adjustment process in a manner which protected the weakest of its members.

48. The Community was encouraged by progress which had been made in a number of forums, in particular the decision of the International Monetary Fund to take account of cereals imports in the operation of its Compensatory Financing Facility, the results of the United Nations Conference on New and Renewable Resources of Energy, and the adoption by the United Nations Conference on the Least Developed Countries of a Substantial New Programme of Action for the 1980s for those countries. In the context of the progress which the Community hoped to see towards the launching of global negotiations it was the task of the Board to evaluate the contribution which UNCTAD, in conformity with its mandate, might make towards a better understanding of the world trade and economic situation.

49. EEC welcomed the Trade and Development Report as an important contribution to grasping the nature of international economic problems and to analysing more effectively the steps which the international community might take to correct economic disequilibria and accelerate development. It was appropriate that the Report set out a comprehensive historical perspective to provide a background for the analyses of present problems. The sketch of short-term prospects for the world economy was a useful exercise, although he had reservations regarding the long-term projections. He hoped that the discussion of structural changes in selected sectors would help to clarify the important contributions which UNCTAD would be called upon to make to a global process.

50. Part I of the Report contained, in his view, a useful appraisal of the problems of growth and development generally encountered by developing countries. Proper emphasis had been placed on the relationship between the levels of economic activity in developed countries and the export earnings and development prospects of developing countries, reflecting indeed a mutuality of interest which might have received even greater emphasis. On the one hand, the Community agreed that it was in the clear interest of developing countries that developed market-economy countries re-established healthy and sustainable growth based on the control of inflation, the reduction of unemployment, and the achievement of the investment levels required by structural adjustment, but felt that the Report gave insufficient recognition of the extent to which the latter countries had managed to maintain an open trading system. On the other hand, it recognized that developed countries - whatever their social and economic system - must do everything possible to facilitate the growth of exports from developing countries not only for their primary commodities, but also for their

manufactures and semi-manufactures. He cautioned against laying undue stress on the possibilities of import substitution and agreed that trade among developing countries would be of growing importance in the future.

51. Despite the contribution which international economic co-operation could make, he believed it would be wrong to ignore the primary responsibility of all countries or country groupings for their own development. That was particularly true in the field of agricultural and food production, as had been made abundantly clear in the recently adopted Substantial New Programme of Action for the 1980s for the Least Developed Countries.

52. With respect to parts III and IV of the Report, he agreed that it was necessary to take a view on the extent to which various factors which had facilitated growth in the past would be of relevance in the future. He cautioned, however, against excessive pessimism, particularly with respect to the possibly major impact of improvements in productivity, the application of new technologies, and the growth of the service sector. The experience of the European Communities with linked econometric models of the economies of its member countries suggested the need for caution in quantifying medium-term economic prospects, particularly in view of the fundamentally altered world economic conditions as a result of the energy crisis.

53. None of his remarks on the secretariat's report were intended in a negative spirit. Since, as the Foreign Secretary of his country had said in speaking on behalf of EEC and its member States at the General Assembly, the Community wished to see relations between developed and developing countries "take a new and constructive course", it shared the view of the Secretary-General of UNCTAD that an improved functioning of the international monetary and financial system and maintenance of favourable trading conditions, an increase in development aid - particularly for the least developed and other vulnerable countries - and greater predictability in the prices of raw materials and energy were among the elements which were essential to a smoother functioning of the world economy.

54. He hoped that the Trade and Development Report would develop into a vehicle giving greater coherence to the work of the Board and its subsidiary bodies; it might, for example, serve as a basis for analysing world economic trends of particular concern to UNCTAD and the performance in this context of all countries and groups of countries. In conclusion, he requested the Secretary-General of UNCTAD to describe how he saw the development of UNCTAD's work on the basis of his praiseworthy Report, and in particular how he conceived the relationship between the broader conceptual framework and the particular tasks being undertaken by the Board's subsidiary bodies.

55. The representative of Japan stated that the issuance of the Trade and Development Report was particularly useful and timely in view of the increasing emphasis being given to interdependence in the world economy. His delegation was in general in agreement with the assessment therein of the current world economic situation, and noted that it had certain common elements with the reports of other international organizations. In particular, he endorsed the increasing emphasis being given to difficulties faced by the non-oil-producing developing countries in the context of a stagnant world economy and the attention given to the growing importance of economic co-operation among developing countries.

56. Turning to some specific questions dealt with in the Report, he said first that, with respect to interdependence in the world economy, conditions in the oil-producing countries and in the socialist countries and their impact on the global economy should have been dealt with in a more balanced manner, rather than attributing the difficulties of developing countries mainly to stagnation in the developed market-economy countries.

57. Secondly, it was his view that the key aspects of national development policies should be identified before appropriate international measures could be designed to support developing countries in their national efforts to achieve self-reliance. His Government believed that emphasis should be given to rural and agricultural development, energy development, the development of human resources, and the promotion of small and medium-sized industries. National development policies should have been given more extensive treatment in the Report, in view of their importance in ensuring a more efficient use of real resource transfers.

58. Thirdly, with respect to the paradigm for the growth of developing countries, the conclusions reached by the UNCTAD secretariat contrasted with those of the World Bank staff in World Development Report, 1981. Whereas the UNCTAD Report emphasized the necessity of reforming the existing international economic system in order to accelerate GDP growth in developing countries to a rate exceeding 6.3 per cent per annum, the World Bank report presented a range of development possibilities as well as the national and international mechanisms that would be required to achieve the growth rates of the higher scenario projections. The conclusions of the UNCTAD secretariat seem alarmist and one-sided. For instance, important issues such as energy and food supplies were discussed only as given factors which would adversely affect the foreign exchange positions of the developing countries.

59. In relation to the restructuring of the international economic system, the Report, in his view, tended to underestimate the achievements of UNCTAD in several fields, such as commodity agreements, the generalized system of preferences, codes of conduct, compensatory balance-of-payments financing, and targets for ODA flows.

60. In conclusion, he expressed the hope that discussion in the Board on the basis of this annual Report would assist it in guiding the future work of UNCTAD, and suggested that a special theme be selected for each annual issue, related to one or another of the specialized activities of UNCTAD.

61. The representative of Turkey said that the analysis of short-term economic problems could no longer be separated from those of development and structural transformation. In this context, he supported several observations made in the Report regarding international economic trends as well as some of the conclusions concerning development and global economic stability. However, the Report had some gaps and certain arbitrary features. In particular, he found it difficult to understand why the country classification used by the United Nations Statistical Office had not been observed, while that valid classification constituted the basis of the recent UNCTAD Handbook of International Trade and Development Statistics: Supplement 1980. ^{1/} To have departed from it was unnecessary and represented a subjective judgement with respect to the level of development of different countries. Furthermore, it appeared that discussion of movements in the terms of trade was not consistent in relation to a constant base year. Nevertheless, the Report as a whole was a useful attempt to identify the social and economic requirements of the world community and a good basis for discussion.

62. The representative of Yugoslavia stated that the Report was a significant innovation in the analysis of the socio-economic development of the world community. which, together with the preservation of world peace, were the two fundamental world

^{1/} United Nations publication, Sales No. E/F.80.II.D.10 and corrigendum.

problems. The approach of bringing together both short-term and long-term considerations was extremely useful as it permitted a consideration of the development problems of all groups of countries, as well as of the way in which relations between developed and developing countries were evolving. The Report identified and analysed both favourable and unfavourable trends in the world economy, identified priority problems and pointed to the need for corresponding activities in UNCTAD as well as in other international organizations. Moreover, its regular issuance could facilitate the review of implementation of the International Development Strategy as well as of the new international economic order. It correctly stressed the need for structural adjustments to be undertaken by all groups of countries. It was precisely because such adjustments had not been undertaken that all countries, particularly the developing ones, found themselves immersed in an international political and economic crisis.

63. The Report would enable all countries to deepen their understanding of the current world economic situation and the direction in which they should pursue their economic policies. It had proved particularly useful for the consideration of economic policy in his own country and he supported the preparation of such reports on a regular basis. Future reports should indicate the priorities among issues and identify policies which would help to extricate countries from their present difficulties.

64. Within UNCTAD, mutual consultations regarding world economic problems should be intensified. In his view, too little use had been made of the capacity of UNCTAD in addressing the policy issues relating to the current world economic situation. He found it incomprehensible and irrational that the possibilities for multilateral co-operation provided by UNCTAD and other international organizations, including those of the United Nations system, had not been more efficiently utilized. The regular annual issue of the Report would strengthen the political will of Governments to seek realistic solutions to the complex problems of economic development and to establish more just and equitable international economic relations.

65. The representative of Chile stated that the international community should work together in an appropriate manner to protect and reconcile the interests of all countries, especially the weakest among the developing countries. His delegation greatly regretted, however, that the Spanish version of the Report had only very recently become available, thus impeding it from contributing more substantially to the discussion, and he reserved its position on the contents of the Report.

66. The representative of Egypt said that the Report made an important and useful contribution to the understanding of the current world economic situation. By assessing the problems and needs of developing countries, particularly the least developed and the most seriously affected among them, it would make a useful contribution to international negotiations now in progress or to take place throughout the 1980s. The great merit of the Report was that it contained a warning to the international community as a whole, since it demonstrated that the current system of international economic relations made it difficult to accelerate the growth process in developing countries, and in particular, could not support a growth rate for them of 7 per cent per annum. Unless there were substantial changes of policy in developed countries and significantly larger capital flows to developing countries, the latter's growth rate in the 1980s was projected to be only 4.5 per cent. The consequence, as shown in the Report, would be higher unemployment in developing countries, entailing severe social, economic, and political difficulties. To

maintain unemployment rates even at their current levels, GDP growth in developing countries would have to reach at least 6 per cent per annum, but that hardly seemed possible under prevailing conditions.

67. It was particularly alarming that three quarters of the MSA and least developed countries were experiencing negative growth in per capita income on account of external circumstances beyond their control. The Report correctly pointed out that only increased economic co-operation among developing countries and greater collective self-reliance could provide a way out. That would remain true as long as adequate arrangements were made to stabilize commodity prices and effective means found to safeguard savings which were available in some developing countries or which could be released as a result of the disarmament negotiations. In his view, a new development agency might be required to foster this idea. The economic performance of developing countries should be improved in two key areas, namely, increased trade among themselves and import substitution, which would reduce the effects of protectionist measures in developed countries. Moreover, developed countries, and the socialist countries in particular, should increase the level of their financial flows and technical assistance to developing countries. The Report testified to the need to implement the decisions reached at the High-level Conference on Economic Co-operation among Developing Countries which had been held at Caracas in May 1981, and the Buenos Aires Plan of Action on technical co-operation among developing countries, 8/ as well as the regional and interregional programmes of the developing countries.

68. Supporting the conclusions of the Report, he suggested that future issues should address in particular the current world economic situation, with emphasis on economic development in developing countries, consideration of measures to strengthen economic co-operation among developing countries, including an appraisal of results reached in other forums, and review and appraisal of the implementation of the International Development Strategy. The Report should coincide with the reports issued by other international organizations and in general should be as concise as possible. In his introduction to the Report, the Secretary-General of UNCTAD should summarize its major conclusions and policy recommendations in order to speed up its consideration by the General Assembly.

69. The representative of Austria, while sharing the pessimistic outlook for the medium term, said his delegation felt that the achievements of the developing countries during the last two decades in respect of trade, per capita income, health, life expectancy, nutrition and education should nevertheless not be overlooked. While there was much diversity in this respect among and within developing countries, a major landmark had been reached by UNCTAD and the international community with the successful conclusion of the United Nations Conference on the Least Developed Countries. Adoption by that Conference of a Substantial New Programme of Action for the 1980s for the least developed countries, together with the preparatory work for the Conference, had created a degree of international awareness of the particular problems of the least developed countries which would ensure them a place on the agenda for the 1980s.

70. In its review of economic growth in the developed market-economy countries during the past 35 years he considered the Report correctly emphasized the importance of the European Recovery Programme immediately after the Second World War, and his country continued to believe that this generous programme still had lessons to offer for dealing with development problems. However, the "non-application of certain fundamental rules of the game" during a limited period had been accepted at that

8/ See Report of the United Nations Conference on Technical Co-operation among Developing Countries, Buenos Aires, 30 August to 12 September 1978 (United Nations publication, Sales No. E.78.II.A.11 and corrigendum), part one, chap. I.

time only because it was believed that it would eventually enable all countries to accept those rules. In his view, liberalization of trade and finance had led to a period of considerable prosperity. In this context, he felt that discussion of economic integration in Europe in the Report should have given due weight to the creation of the European Free Trade Association, as well as to the establishment of the European Economic Community, since it was the agreements between these two groups of countries that had opened up a single, large market in Western Europe for industrial products. Another important factor in the progress of the Western European economy had been the stability resulting from the steady improvement of political relations among European countries.

71. He noted with satisfaction that the Report dealt with the question of energy, without which any assessment of economic prospects would have been incomplete. His country supported all efforts directed at solving the world's energy problems, such as the recently-held United Nations Conference on New and Renewable Sources of Energy and the concrete measures and studies undertaken by the World Bank in this field.

72. He too attached importance to the problems of money and finance dealt with in the Report, since they vitally affected development prospects. He hoped that ongoing activities in the competent forums would continue to produce positive results.

73. In conclusion, he referred to the sombre analysis presented by the Secretary-General of UNCTAD in his opening statement and agreed with his assessment of the importance of maintaining an open world trading system. It was necessary, in his view, that all countries large and small, act in accordance with their proclaimed intention of resisting protectionism in trade as well as in other fields, such as tourism and investment, if rising protectionist pressures at the national level were to be resisted. He hoped that this session of the Board, as well as the Commonwealth Summit and the forthcoming Cancún Summit, would not only lead to a better understanding of world economic problems but also would provide the necessary impetus to their solution.

74. The representative of Finland welcomed the comprehensiveness of the Report and the contribution it could thus make to the ongoing discussions on interdependence. It was important that the secretariat be given as much guidance as possible by the Board and that future issues should be based on a realistic analysis and place more emphasis on raising questions than on presenting conclusions. The Report should take proper account of the heterogeneous composition of various country groupings and avoid generalizations based on group averages.

75. He agreed with the Report's emphasis on the paradoxes involved in attempting to arrive at a comprehensive approach to development. However, it was somewhat superficial to presuppose in that context that the limited economic growth of developing countries was primarily a reflection of the existing international economic system. In fact, many developing countries had achieved remarkably high growth rates through, inter alia, an efficient exploitation of the existing international economic system.

76. It was true, as the Report made clear, that the international financial and trading systems were under increasing internal strains, and in discussing the

systems as such the Report emphasized the mounting difficulties among the poorest of the developing countries. Nevertheless, his delegation considered that an open economic system had the greatest potential for promoting international development. It was, however, important to recognize - as the GATT secretariat had stated in its recently published annual review - that market competition was never perfect and that rules and regulations enacted and enforced by Governments were necessary not only to enable markets to function, but also to make the functioning politically acceptable. 9/

77. He noted that the Secretary-General of UNCTAD, in his opening statement, had emphasized slower growth, inflation, and unemployment in those countries which had so far been mainly responsible for supporting the current system as responsible for the strains on the system. Clearly, some of the measures implemented by the developed market-economy countries to deal with these problems had aggravated the situation in the short term and had affected both developed market-economy countries and developing countries through, inter alia, excessively high interest rates and currency fluctuations. Because of the increasing interdependence of the world economy, more attention would have to be paid than in the past to the international impact of domestic measures.

78. In conclusion, he agreed that financial transfers on a massive scale were still necessary, particularly to assist those countries not yet equipped to participate fully in the world economy. For many developing countries, however, for whom international trade was crucial, increasing emphasis would have to be given to the interrelated problems of protectionism and structural adjustment. All countries, both developed and developing, should be full participants in the maintenance of a liberal and open world trading system in support of structural change.

79. The representative of Argentina observed that the current grave economic situation, which was reflected in growing protectionism, increased costs of development finance, and subsidized exports of developed market-economy countries competing with the traditional exports of developing countries, would quickly reach unacceptable dimensions. Various diagnoses of this situation concurred in concluding that what was required was the reactivation of the world economy combined with massive support for developing countries. There would be no prosperity even in the developed market-economy countries without extending industrialization throughout the world. Ministers of the Group of 77, meeting in New York, had recently expressed themselves very clearly on these matters, stressing particularly that measures to alleviate economic problems in several countries had not been co-ordinated. Growing economic co-operation among developing countries was the only alternative to a continuation of the current unsatisfactory situation.

80. With respect to the methodology employed in analysing the current problems of the world economy, he felt it was above all necessary that a realistic framework be

9/ See GATT press release 1295 of 9 September 1981, containing the text of the first chapter of International Trade 1980/81 (subsequently issued as a GATT sales publication (Sales No. GATT/1981-2 and corrigendum)).

employed, that concrete possibilities be identified, and that theory be confronted with reality. Major emphasis should be given to negotiation and dialogue and an attempt made to identify clear objectives and specific policy instruments which could be employed to reverse prevailing trends.

81. He expressed serious reservations regarding the Trade and Development Report, 1981, which his Government had been unable to study in view of its late distribution in Spanish, and noted that a revised English version was already on sale. The Report duplicated studies of other organizations and contained a country classification which was both incorrect and arbitrary and not approved by the Board. He considered that this was unacceptable in an official sales publication of the United Nations.

82. The representative of China stated that the increasing turmoil in the world political situation was of concern to numerous countries. The current world economic situation was marked by instability, wide currency fluctuations, deteriorating terms of trade for developing countries, continuation of the trade war and stagnation in the developed market-economy countries. The situation had serious consequences for most developing countries, whose current-account deficits and external debts had increased dramatically, seriously hampering implementation of their development programmes. The continuing deterioration of the economies of many developing countries since UNCTAD V underlined the urgency of a radical reform of the existing international economic system. His delegation regretted the current stalemate in international economic negotiations; even in those cases where limited agreements had been reached, follow-up action had been extremely slow and unsatisfactory. He trusted that the negotiations in UNCTAD and the forthcoming Cancún Summit would both attain positive results, thereby setting a new stage for further progress in the North-South dialogue.

83. In view of the importance of trade in primary commodities to many developing countries, the implementation of the Integrated Programme on Commodities was a matter of urgency. It was disturbing that while the Agreement establishing the Common Fund for Commodities had so far been signed by 57 countries, only 11 had deposited their instruments of ratification. His country had been a consistent supporter of the Integrated Programme on Commodities and the Common Fund, was among its early signatories, and had deposited its instrument of approval. He called upon all interested countries to accelerate their accession to the Agreement and expressed the hope that the negative attitude adopted by one major Power would be changed.

84. He added that protectionism was one of the most important issues in international trade. The restrictive measures pursued by some developed countries were directed primarily at developing countries. An example of this was the imposition of unfair restrictions on the textile exports of developing countries. In that connection, he called for early implementation of Board resolution 226 (XXII).

85. He welcomed the success of the High-level Conference on Economic Co-operation among Developing Countries held recently at Caracas, which he was convinced would contribute to promoting unity and co-operation among the developing countries and strengthening their position in negotiations on the establishment of a new international economic order.

86. China also welcomed the recent adoption of the Substantial New Programme of Action for the 1980s for the Least Developed Countries, the implementation of which would contribute to the establishment of the new international economic order and world economic prosperity.

87. He further stated that the Trade and Development Report, 1981 gave a general picture of the development of China's economy and changes that had occurred in China. The Report was comprehensive and contained much useful information for analysing the world economic situation, and for assisting the Board in resolving the contradictions inherent in international economic relations.

88. The representative of the World Bank stated that the Trade and Development Report 1981 was a welcome addition to the reports produced by other international institutions. Although all of these reports contained somewhat similar statistical material, the different perspectives of the various institutions combined to provide a more comprehensive understanding of the problems confronting the world economy. The analysis of the short-term world economic outlook in

I of the Report contained estimated growth rates for developing countries and developed countries which were similar to those in the most recent World Development Report of the Bank. With respect to part II of the Report, he noted that the UNCTAD secretariat assigned relatively greater weight than other institutions to external factors in explaining the economic problems of developing countries. In his view, analysis in this area should also cover their domestic policies and economic performance.

89. He believed that the subject of trade among developing countries was of considerable importance and that it would have been useful had the secretariat incorporated assumptions about its growth in its long-term projections. In future issues of the Report it would be useful if, in addition to South-South trade and economic co-operation among developing countries in general, such issues as commodity trade, East-South trade, and aid and technology transfers were also treated.

90. He noted that the Report emphasized the requirements of structural change in the long-term rather than the year-by-year implementation of specific policy measures. The Bank, too, had a long-term perspective for planning and forecasting, but as a development and pragmatic operational institution its approach was based on analysis of prevailing conditions, leading to solutions in the longer term. It was therefore understandable that these different approaches led to different conclusions.

91. He concluded that a continued exchange of information and ideas on future reports between his institution and UNCTAD would be useful.

92. The representative of the International Monetary Fund stated that he shared a number of concerns expressed by the UNCTAD secretariat regarding the world economic situation and particularly the economic problems facing most developing countries. The secretariat was to be commended for attempting to pull together and integrate several aspects of the world economic situation, for example, commodity markets, shipping, and structural change in selected sectors. The chapter on economic co-operation among developing countries was specially useful. He also associated himself with the views of the representative of the World Bank, in particular concerning the need for greater emphasis on the domestic economic policies and performance of the developing countries.

93. He was somewhat concerned at statements in the Report regarding his institution that he did not believe to be accurate and which were not necessary for the arguments presented in the Report. For example, by carefully selecting the data and incorporating it in a sufficiently broad statement regarding the role of the Fund in supplementary borrowing by developing countries on the Euromarket,

the UNCTAD secretariat had implied a cause and effect relationship that was, in his view, the reverse of what had actually happened. Experience had shown that the use of Fund resources in support of adjustment programmes often permitted developing countries to borrow more readily on international capital markets.

94. In conclusion, he referred to co-operation with UNCTAD which had yielded good results in the past, and hoped that the UNCTAD secretariat would in the future analyse the world economic situation and the role of the Fund with greater accuracy.

95. At the 564th meeting, on 8 October 1981, the representative of IMF, commenting on some of the concluding remarks made by the Director of the Money, Finance and Development Division (see paragraphs 233-244 below), stated that the observations made on behalf of the Fund earlier in the debate (reflected in the three preceding paragraphs) remained valid. The decisions made to commit the Fund's conditional resources were, in his view, a better indicator of its policies than the pattern of total IMF lending, which included the use of unconditional resources. He took issue with the conclusion reached by the UNCTAD secretariat regarding the modest use of the Fund's resources by poorer developing countries and provided examples of large commitments by the Fund to certain least developed countries.

96. Finally, he noted that any differences of a methodological nature could be satisfactorily discussed by staff members of the two institutions, which had always enjoyed constructive working relations.

97. The representative of Poland stated that a preliminary assessment of the Report had convinced his delegation of the usefulness of such an exercise. The periodic preparation of such a report would increase the capacity of UNCTAD to identify global problems and constraints related to economic development and international trade. UNCTAD's global analysis in its areas of competence should constitute an important component of the over-all global economic analysis undertaken by the United Nations system as a whole and co-ordinated by the General Assembly through the Economic and Social Council. The interrelated analysis of short-term and long-term problems of all countries of the world made the Report much more than simply an annual review. The structural crisis it depicted of the world economy was truly dramatic. The poorest developing countries had been particularly affected, leading to a widening of the gap between developing and industrialized countries, and it was particularly unfortunate that the policies and measures implemented by the major developed market-economy countries had so far resulted mainly in increasing the difficulties confronted by the economically weaker countries. These negative developments included the strengthening of various protectionist and other restrictive measures which threatened to disrupt the efficient functioning of the international trading system. The crisis in developed market-economy countries had also jeopardized the prospects for implementation of the most progressive provisions of the new International Development Strategy, which were essential to the establishment of a new international economic order.

98. Socialist countries had also been adversely affected. Because his country was undertaking an extensive restructuring of its economy and was reforming its system of economic management, which was expected to lead to increased participation in the international division of labour and expanding trade with all groups of countries, his country supported the efforts of UNCTAD to improve world economic conditions to the benefit of all countries. In this context, referring to the conclusions of the Report, as summarized by the Secretary-General of UNCTAD, he said his delegation also regarded as important trade liberalization, including East-West trade; appropriate reform of the international monetary and financial system, which was at present inadequate for the needs of many countries, especially developing countries; and exploitation of the potential for economic co-operation among developing countries.

99. Further, he emphasized that UNCTAD should devote attention to certain basic conditions determining prospects for economic development and economic co-operation among all countries. In this connection, it was most important to restore the peaceful conditions of détente, to reduce levels of defence expenditures, and to cease the arms race. He hoped that the importance of linking the issues of international détente and disarmament with economic development would meet with understanding by the Board and would be duly reflected in the future work of UNCTAD.

100. Finally, he stressed that an important condition for the efficiency of UNCTAD was its devotion to the important principles embodied in its previous declarations on the new international economic order, such as universality, a global approach to problems discussed, non-discrimination, and mutuality of advantages. These were the principles which guided Poland in her international economic relations with all countries.

101. The representative of Israel noted that the Report showed that growth rates experienced by developing countries during the last decades had fallen below their aspirations, particularly as reflected in the International Development Strategy. In fact, GDP growth was actually decelerating for many developing countries, a situation that was expected to worsen in 1981 and 1982. In his view, it was essential to increase international co-operation and to draw appropriate conclusions from past experience. More emphasis should be placed on economic development programmes focused directly on the rural sectors of developing countries, which he referred to as the periphery. The development of the modern or central sector in developing countries had been over-emphasized. A new type of development programme was needed which would increase the capacity of people to promote grassroots participation, allow for feedback and make use of the entire spectrum of physical and labour resources available in any given region. Such factors had been embodied in his country's proposals referred to as the "transitional economy", which had been presented to the General Assembly at its current session (see A/36/49/, annex). These proposals sought to apply a low-cost, step-by-step approach to development of the rural sector and at a later stage to integrate it with the modern sector. Such a change of emphasis was necessary in view of the manifest failure of the "trickle-down" approach applied in most countries. Five spheres of activity would be emphasized in this new approach: agricultural productivity; non-farm job creation in rural communities; rural social services and infrastructure; employment, housing, and services in urban slums; and population control.

102. The implementation of such a strategy would require that economic policies be redesigned at the national level and receive international support by earmarking a certain amount of social development assistance for the financing of such programmes. Another form of support might be interest rate support under the Horowitz proposal. The application of this new strategy in agriculture and related fields in those countries in which it had been applied had had encouraging results. Israel had been applying some elements of the strategy, both at home and in its numerous international co-operation programmes in the third world. Israel's experience and expertise, as well as that of other countries active in this field, could be utilized in programmes to assist the third-world countries, and in particular the poorest of them, to accelerate their shift to the "transitional economy" strategy with the aim of enhancing a continuous dynamic process of upgrading of technology, impact, and means of production - coupled with the associated processes of cultural,

institutional and political adaptation - at intensities which could be sustained on a national scale under prevailing conditions, achieving all aspects of "growth", economic as well as non-economic. Such a transitional economy strategy would enable the developing countries to derive their own long-term goals in the course of their development.

103. He hoped that in the years to come Israel's proposal would prove to be a crucial factor in finally gaining some ground in the continuing battle against the widening gulf between the developed and the developing countries. He also hoped that UNCTAD would play an important role in advancing and following up on these proposals.

104. The representative of Singapore agreed with the general assessment in the Report of the current world economic situation and with the need to ensure access to markets in both developed market-economy countries and developing countries. Despite his delegation's full support for growing economic co-operation among developing countries, he regarded the industrialized countries as the engines of growth. It was therefore imperative that higher rates of growth be regained by the developed market-economy countries through appropriate changes in their domestic policies.

105. With respect to the classification of countries in the Report, particularly in annex B, his delegation objected to the use of a combination of economic and non-economic indicators in one single classification. He regarded such classification as arbitrary and inconsistent and considered that it detracted needlessly from the value of the Report. It did not, however, object to a classification of countries by economic indicators provided that the same indicator was used for countries in all geographical groups, as in the World Development Report of the World Bank. He trusted that these remarks would be taken into account in the preparation of future issues of the Report.

106. The representative of Algeria stated that preparation of the Report was a happy initiative that had reawakened interest in agenda item 3. The Report should, in her view, be an objective response to the reports of IMF and the World Bank, which analysed the world economic situation from a partisan point of view, attributing the main role in world economic development to developed market-economy countries. It also came at an opportune time, in view of the forthcoming Cancún Summit, which, it was hoped, would give the necessary impetus to global negotiations. Algeria reaffirmed its attachment to the process of global negotiations in trade, energy, primary products, food, technology, and money and finance.

107. The Report, however, did not give sufficient emphasis to the difficulties faced by developing countries, which differed in nature, degree and magnitude from those of developed countries, whereas the exacerbation of the structural crisis had resulted in slower growth in developed countries accompanied by inflation and unemployment, with adverse effects for developing countries. In analysing the causes of the current world economic crisis, the Report placed greater stress on cyclical factors which in her view were less important than structural factors. An approach showing the relation between the current crisis and the legacy of the colonial period would in her view have been more useful for determining the quantitative indicators shown in part II of the Report. The Report also veiled the national efforts of developing countries, particularly in Africa, whose efforts to combat underdevelopment were thwarted by a system elaborated by and for the developed market-economy countries. Developing countries faced the gravest of problems but lacked the means to surmount them, having neither the industrial capacity to satisfy their basic needs nor adequate recourse to the international monetary system.

108. In her view the Report should have emphasized that world economic disorders could not be solved, nor necessary structural changes implemented, as long as the decision-making centres continued to marginalize the developing countries in all sectors of the world economy. In this respect, higher energy prices were no more than an indication of a latent crisis announced by persistent disorders in the international monetary system.

109. Another aspect of the Report on which she had reservations was the classification of countries, which, in her view, was based on arbitrary criteria. The General Assembly had established specific criteria for the identification of least developed countries. To distinguish any other categories would, in her view, lead to confusion and evade discussion of the real causes of underdevelopment.

110. She suggested that in future issues of the Report the secretariat should analyse the situation facing specific commodities. In addition, the Report should give an account of the activities of UNCTAD and difficulties encountered in seeking solutions to economic problems and achieving the objectives of mutually beneficial international co-operation, taking into account the interest of all countries, but particularly that of developing countries.

111. The representative of Mexico drew attention to the policies noted in the Report in favour of post-war economic recovery in Europe and Japan within the principles and rules of the Bretton Woods institutions and GATT. The objectives reflected in the Report's projections for the 1990s were consistent with the requirements of a new international economic order, but the Report lacked specific policy recommendations. Many of these policy recommendations were to be found in the statement by the Secretary-General of UNCTAD before the twenty-second session of the Board. Some progress had already been made in the implementation of these measures. Moreover, the secretariat for over a decade had been entrusted with the still uncompleted task of elaborating a programme of concrete studies in support of practical measures of economic co-operation among developing countries. The increasing dynamism of trade among developing countries, advances in regional economic integration, fulfilment of the Arusha Programme of Action on Collective Self-Reliance, and, in particular, the launching of the global system of trade preferences and the implementation of the Caracas Programme of Action on Economic Co-operation among Developing Countries demonstrated that such co-operation constituted an operational and efficient instrument for the acceleration of development.

112. Unfortunately, commodity price stabilization did not offer similar prospects, and the difficulties in establishing price stabilization agreements for individual commodities jeopardized the chances of the Common Fund for Commodities coming into early operation.

113. The need for financial co-operation among developing countries through the establishment of appropriate institutions was also urgent. He recalled that the UNCTAD secretariat had been requested to undertake studies on the promotion of capital flows among developing countries, the strengthening of payments agreements, compensations schemes and links among them.

114. In conclusion, he suggested that future issues of the Report should analyse the world economic situation focusing particularly on the implementation of the new international economic order and an analysis of the obstacles to its implementation in the context of the work programme of the UNCTAD secretariat, but also in the context of negotiations within UNCTAD, and should contain action-oriented recommendations of a practical nature.

115. The representative of Switzerland commented on the basic hypothesis of the development "paradigm" and addressed the question of its place in the North-South dialogue, and especially in the activities of UNCTAD. The Report was more than an annual review of trade and development and was, in fact, a prescription for change in which the point of view expressed was quite different from that of the World Bank or GATT.

116. The UNCTAD secretariat had examined the consequences for international economic relations which would arise from the annual rate of growth of GDP for developing countries of 7 per cent set out in the International Development Strategy, in the context of weak growth in the industrialized countries. It was perhaps excessively pessimistic with respect to industrialized countries and at the same time excessively optimistic with respect to developing countries. The principal features of the new paradigm proposed by the Report were a reduction in the size of resource transfers required due to an improvement in the terms of trade, increased access to the markets of industrialized countries, increased trade among developing countries, and a greater degree of import substitution. These elements should be complemented by an improvement of the mechanism for financial recycling, by a greater role for the socialist countries, and finally, by the effects of accelerated growth in the industrialized countries, itself a result of implementing this economic strategy.

117. With respect to the terms of trade, his delegation was convinced that the market was the best guide for the proper level of prices, which should serve to restore equilibrium to the payments balances of producing countries, facilitate international trade and encourage investment. It was entirely in favour of market access but believed that the socialist countries and the more advanced among the developing countries should share the responsibility with the industrialized countries for expanding export markets. Furthermore, he cautioned against exaggerating the importance of import substitution. Excessive self-sufficiency could even result in impoverishment of a country, and it was in the interest of developing countries to accept progressively the duties and obligations of a liberal world trade system.

118. His delegation was particularly struck by the emphasis in the Report on international economic co-operation, which tended to relegate to second place the importance of properly conceived and implemented national development policies, with which international economic co-operation was closely related.

119. With respect to the North-South dialogue, he noted a growing tendency toward global analysis which was shared by the Report. While supporting this tendency, he cautioned against an excessive dispersion of effort, which could be futile.

In particular, the effort required by these exercises of conceptualization should not impede the examination of questions, albeit of sectoral character, which were none the less essential. Consequently, he wondered whether future reports should not select for priority consideration activities of immediate pertinence to the work of UNCTAD.

120. The representative of the USSR expressed serious concern about the dangerous situation arising from the policies of imperialist circles to undermine détente and increase expenditures on armaments. International economic relations, as determined by crises in the West, had destabilized international trade and undermined financial and monetary relations among countries, in particular developing countries. The trade and monetary policies of the West had had some negative impact on the economic problems of socialist countries, including those of the Soviet Union. The increasing protectionist policy of the West had seriously affected the relations among countries having different economic and social systems, and there were increasing attempts by Western countries to use trade and economic relations with socialist States as tools for political pressure. UNCTAD should place special emphasis on these alarming tendencies.

121. The Trade and Development Report, 1981 had answered the hopes of the General Assembly expressed 17 years ago in its resolution 1995 (XVI) by providing an analysis of the world economic situation in line with the preoccupations of UNCTAD. Convincingly, the Report presented a comprehensive understanding of the mechanism through which crises in developed capitalist countries affected the developing countries of Asia, Africa and Latin America, and made clear the real causes of the worsening of world economic problems in recent years. As shown in the Report, the most important factor was by no means developments in the world oil market, whose impact had diminished, but economic crisis and inflation in developed market-economy countries and the deterioration in the terms of trade of developing countries. In this connection, the problems of responsibility for the damage inflicted upon the economies of developing countries by the spontaneous effects of the market forces and of the appropriate compensation for this damage was of special urgency.

122. Touching upon the role of socialist countries in international trade and economic relations, he underlined that half of the international trade of those countries was carried out within the framework of CMEA, and there was no development problem which the member countries of CMEA could not resolve together. While trade among countries having different economic and social systems had developed rapidly in the 1970s, trade between socialist and developing countries had increased even more rapidly. There had also been a continued increase in economic and technical co-operation between socialist countries and developing countries, especially in various key sectors, which formed a real basis for the latter's autonomous development. Between 1970 and 1980 trade between socialist countries of Eastern Europe and developing countries had increased almost seven times. Trade between the Soviet Union and developed capitalist countries also continued to develop. The socialist countries were in no way responsible for the crisis in developing countries.

123. Although the Report touched upon some of the problems brought about by the actions of transnational corporations in various sectors, such as commodities, shipping, etc., it had not given the issues the analysis they deserved. He added that there was a serious omission in the Report in not mentioning the negative effect of the arms race on developed countries, which aggravated inflation and destabilized world economic relations. Because the socialist countries viewed the concept of a favourable international environment as an integral component of the idea of strengthening peace and security, they had advocated the curtailment of the arms race and the pursuit of détente to reduce tension. As long as war hysteria continued and as long as there were countries which discriminated against the socialist countries, the ability of the Soviet Union to grant assistance would be reduced. In future issues of the Report the analysis of the connection between disarmament and development should be given due attention.

124. In conclusion, he said that the Report would be useful in stimulating the work of preparing for UNCTAD VI and possibly for the next session of the Board.

125. The representative of Romania stated that the current world economic crisis was undoubtedly the most serious of the post-war period and was of a structural nature. In his view, all aspects of the world economic system were in turmoil, with grave consequences for international economic relations in general and for developing countries in particular. Particularly worrisome was the climate of uncertainty reinforced by restrictive policies in the areas of trade, credit and international finance, inflation, and the energy crisis.

126. Among the new features of the current economic situation which merited concern in his view were the unprecedented levels of interest rates in the international capital markets, which threatened to undermine even further the development prospects of developing countries.

127. For all of these reasons the search for a solution to the current economic crisis was urgent. In this context, he put forward the idea of an international arrangement establishing a maximum ceiling for interest rates, with special and more favourable levels for developing countries. Thus, rather than impeding international co-operation, the world financing system would become a strong instrument for stimulating increased output and trade.

128. Under current circumstances, the growing gap between developed and developing countries was a source of increased international tension and it was imperative that such tendencies be reversed. To that end, far-reaching structural changes were required. In pursuit of them it was necessary to take into account the interdependence of economic sectors and national economies and to give priority to the problems of developing countries in the consideration of internationally agreed economic measures. In this task, UNCTAD had a special role to play as a multilateral forum dedicated to discussion and negotiations in areas specifically related to development.

129. He supported the over-all approach in the Report with respect to the analysis of both short-term problems and the long-term prospects of the world economy. He agreed with the concern expressed in the Report over the current economic crisis of the developing countries and the necessity for major reforms in international economic relations and for structural adjustment in various economic sectors. In his view, increased economic co-operation among developing countries should be regarded as complementary to North-South negotiations and not as a substitute for them. He would have preferred to have seen more emphasis placed on financial resources for development, including international credits, and he felt that some imbalances in the Report could have been avoided by consultations with delegations prior to publication.

130. The representative of India stated that the approach in the Report served to underline the inadequacy of short-term monetary and fiscal policies for alleviating the current world economic crisis which had had adverse effects on developing countries. He noted that the Report identified the role of transnational corporations in maintaining inflationary pressures and their tendency for increasing their oligopolistic power often at the expense of more efficient producers. In its analysis of trends during the previous three decades the Report supported the often expressed conviction of his delegation that major structural changes in the world economic system were necessary.

131. He further noted that developing countries had increased the proportion of GDP devoted to savings but had had to reduce imports in response to deteriorating terms of trade. Efforts to increase their exports were impeded by uncertainty regarding the expansion of markets.

132. He was particularly concerned at the increasing level of outstanding debt of developing countries and the magnitude of interest payments and profit remittances. One of the lessons that could be drawn from the Report was that reliance on market forces alone was inadequate to produce socially efficient and equitable patterns of production and income.

133. With respect to future issues, he felt more specific policy measures ought to be elaborated, with respect both to alleviating the world economic crisis and to coping with the adverse effects of the operations of transnational corporations. Regarding the recommendations and suggestions contained in the Report, he suggested that these should be followed up in the Board and its sessional committees, the relevant committees of UNCTAD and intergovernmental groups. He hoped that the UNCTAD secretariat would keep this in mind while preparing documents for these various bodies.

134. The representative of Norway welcomed the comprehensive Trade and Development Report, 1981 as a new important initiative and noted that several international organizations, as well as private groups, were publishing regular reports and surveys on the problems of developing countries that played an important role in focusing the attention of Governments and public opinion on the problems faced by developing countries and in shaping the basis for policy decisions. The UNCTAD secretariat's Report was bound to be compared with the annual reports of a more

sectoral character of other international organizations, and did in many ways follow the lead taken by the Brandt Commission. He welcomed the ambitious approach of the Report, although he might question certain methodological aspects, and perhaps differ with parts of the analysis, and some of the conclusions. Future editions should pursue the broad approach while emphasizing special themes and main issues before the Board. He largely agreed with the seriousness of the current world economic crisis and the analysis contained in the Report. He also agreed with the thrust of the thesis that positive feedback effects on the economies of developed countries in the longer run would ensue from an acceleration of growth in developing countries made possible by increased resource transfers.

135. His delegation was interested in the thought-provoking discussion of the potential for trade expansion among developing countries. It would have liked to have seen an in-depth analysis of the limitations to this expansion and asked if it was realistic that developing countries could "create their own pool of development" independently of the rest of the world. The current economic situation called for a reassessment of the structural aspects of international economic relations and structural change without, however, discarding elements of the international economic system which had proved its great value. He felt that the Report had largely struck a good balance between realism based on existing international machinery and economic structures, on the one hand, and the kind of action that would inspire further debate on the other. Regarding the usefulness of economic forecasting, he agreed with those who emphasized the difficulty of accurately predicting the future. In the context in which they were used by the secretariat, however, as modest illustrative examples of what might happen on the basis of an extrapolation of current conditions and economic policies, he felt they were of undeniable value. If future issues of the Report were to continue to cover the whole range of development problems while emphasizing those aspects of more direct relevance to UNCTAD, he was convinced that they would constitute the best possible basis for consultations in the Board on problems of common concern.

136. The representative of Sri Lanka expressed appreciation for the historical perspective provided by the Report. In his view, the Report was qualitatively different from the valuable reports issued on an annual basis by other international institutions because it adopted a broad view of the world economic situation and reflected the multiple responsibilities of UNCTAD. It had managed to provide an integrated and comprehensive analysis of the many elements of the development process and was best read alongside reports of other institutions. It had made abundantly clear the seriousness of the current world economic crisis and had illustrated with clarity the menacing impact on the developing countries of slow growth, inflation, high interest rates and protectionism in the developed market-economy countries. Many of these problems were in fact acutely felt by his own country, which had been forced to re-order its priorities, scale down investments in critical sectors of the economy and stretch out the implementation of other objectives. These measures had been associated, moreover, with increases in unemployment. His country particularly regretted having to scale back its social transfer payments, which had provided an unusually high quality of life for its citizens. The experience of his country was not unique; the situation of the least developed countries had been even more dramatic.

137. For these reasons he welcomed the new development paradigm elaborated in the Report, since it held out some hope for an acceleration of growth. Nevertheless, he regarded the pessimistic scenario as a more likely outcome.

138. The Report's findings on protectionism and structural adjustment should give a strong impulse to deliberations on the subject in the Sessional Committee at the next session of the Board. His country had embarked on strenuous efforts of structural adjustment, having reduced imports, taken measures to promote exports, simplified exchange controls, encouraged both foreign and domestic private investment and pursued export diversification and the expansion of food production and of the services sector. These efforts, particularly in the field of export promotion, had been hampered by the stubborn resistance to structural adjustment accompanied by increased protectionism in the major developed market-economy countries.

139. He endorsed the emphasis given in the Report to the need for emphasizing international co-operation and concerted efforts by Governments in managing the current global economic crisis, since it was evident that reliance on market forces alone was inadequate in solving the problems of developing countries. He also shared the view of the secretariat that economic co-operation among developing countries could play an effective role in stimulating and sustaining their growth. In the preparation of future issues, he hoped the secretariat would reconsider the captions used to describe the countries of his subregion and recommended the use of the expression "South Asia".

140. The representative of the Libyan Arab Jamahiriya noted that while the Trade and Development Report, 1981 emphasized the need for "structural change", the concept was not used consistently. The lack of a clear definition was a handicap to the formulation of precise policy recommendations. Furthermore, since the technical nature of the report made it inaccessible to the layman, he suggested that future issues should be prepared with less technical language, and the technical discussion confined to annexes for specialized readers.

141. The Report tended to treat developing countries as a whole, but their heterogeneity merited a division into smaller groups, as the problems faced by different groups of countries varied. Furthermore, the broad division into oil-importing and oil-exporting developing countries was superficial and tended to attribute the deficits of the former directly to their increased oil imports, whereas those countries were already in deficit before the major rise in oil prices. The deterioration in the terms of trade and reduction of export earnings of developing countries were partly the consequence of inflation in developed countries. In considering payments imbalances, the abundant transfer of resources to developing countries by the oil-producing countries could not be ignored.

142. Although the Report touched on all aspects of development, the analysis of policy options should have been extended. There were only two mentions of General Assembly resolution 3202 (S-VI) on the establishment of a new international economic order, and while the Report analysed the balance-of-payments problems of net oil importers it did not deal with the substantive development problems faced by oil-producing countries.

143. As regards the future consideration of agenda items 3 and 4 by the Board, he suggested they be consolidated into a single item for discussion at every regular session.

144. The representative of Sweden stated that the question of interdependence in all of its complexity was of extreme importance and that the Report rendered a service in acquainting public opinion with the nature of such interdependence. With respect to the structure of the Report, he suggested that future issues include a summary of the principal arguments and the conclusions, possibly in a separate addendum to ensure its early availability. As regards the substance of the Report, he felt that the conclusions on the need for institutional reforms were sometimes based on short-term projections and sometimes on long-term simulations without sufficient justification for the basis chosen. Also, in view of the many uncertainties involved, alternative scenarios depicting a range of possible outcomes would have been helpful. The implications of substantially increased resource transfers to developing countries might have been spelled out more clearly by a clearer presentation of the assumed linkages in the world economy with respect to trade, growth and inflation.

145. He found the current world economic situation difficult and was convinced that vigorous policies were required at the global level to restore rapid economic growth. The Report rightly attached importance to trade as an engine of growth. In that respect, it was necessary to ensure the maintenance of an open trading system and of continued trade liberalizations. The prospects held out in the Report for a substantial increase in trade among developing countries were also encouraging. His delegation supported the implementation of positive adjustment policies by all countries.

146. With respect to the system of international financing, he considered that increased support should be given to existing financing institutions which, in his view, had functioned in an efficient and flexible manner during the recent period of severe balance-of-payments disequilibrium. All countries, however, and particularly the economically strongest, had to share responsibility for the effective functioning of the current system. Existing global and regional financing institutions could be of further assistance in channelling finance from surplus to deficit countries if their borrowing and lending capacities were increased. In addition, more direct private investment in those developing countries welcoming such investment might also contribute to alleviating their balance-of-payments difficulties.

147. His country supported the conversion of ODA to grants for the poorer developing countries and believed that the debt problems of other developing countries should be examined in the context of their present and expected current-account deficits. Furthermore, there was need to re-examine ways of increasing official development assistance and placing it on a more stable and predictable basis. It was evident that the great diversity among developing countries warranted a variety of policy measures to meet their various needs. If, for example, determined and co-ordinated policy measures were to be implemented by the industrialized countries which would increase trading opportunities and access to non-concessional finance, a very substantial re-allocation of official development assistance to the countries most needing it would be facilitated.

148. The representative of the United States stated that, in view of UNCTAD's character as a universal body and its competence in a number of areas, the preparation of a comprehensive report such as that now before the Board was useful, even though there was some overlap with the annual reports of other international organizations. His delegation could not subscribe to many of the analyses and conclusions of the Report, some of which were controversial. It did not share the secretariat's pessimism in evaluating the current world economic situation and future outlook. Despite the current serious economic difficulties, and increased numbers living in poverty, owing in many instances to uncontrolled population growth, notable progress had nevertheless been achieved, as demonstrated by the very rapid growth of middle-income countries, resulting in part from their impressive expansion of manufactured exports which had opened the benefits of trade to more of the developing world. His delegation regarded it as important to distinguish among the different characteristics of developing countries and the differing nature of the problems impeding their development. In this respect, he welcomed the use of several analytical categories in the Report.

149. He differed with the secretariat in respect of a number of the assumptions used and arguments advanced in the Report. In the first place, he could not subscribe to the premise that the world economy was something to be managed, since global management was beyond the collective capacities or wisdom of Governments. His delegation felt that the approach of global management should be dropped in favour of a more practical approach to specific issues. Second, he rejected the implied and oft-stated assumption that the problems of developing countries were created primarily by external forces, and particularly by economic conditions and policies in the developed market-economy countries. Any balanced discussion had to consider also the effectiveness of national economic policies in developing countries themselves. The Report was also weak in its description of the economic situation of the socialist countries of Eastern Europe; it left one with the mistaken impression that their economic failures were due to external causes. Third, he considered the criticism of transnational corporations to be grossly overstated; it amounted to nothing less than an attack on the market economy itself. Even where the contribution of transnational corporations to the industrialization of developing countries was acknowledged, excessive emphasis was placed on the social costs alleged to be associated with them.

150. As regards the international financial system, he strongly disagreed with the secretariat that the problem of growing current-account deficits of developing countries was either of crisis proportions or beyond the capacity of existing financial institutions to handle. Countering the assertion that the Bretton Woods financial institutions were not responding to the needs of developing countries, he referred to the recently adopted IMF policy of enlarged access, which had led to a sharp expansion of official lending to developing countries in 1980-1981, the expansion of the compensatory financing facility and the creation of an interest-rate subsidy account for the benefit of developing countries. Furthermore, his delegation objected to the emphasis on financing deficits rather than on domestic adjustment policies and to the proposal for establishing a link between development needs and the provision of additional international liquidity. He questioned why the Report made unsubstantiated attacks on another international institution.

151. With respect to the external indebtedness of developing countries, the Report, in his view, exaggerated the magnitude of the problem and failed to point out that many countries had kept their debt burden manageable through effective adjustment policies and export-oriented growth. The Report also misleadingly implied that only now, through UNCTAD involvement, had a "coherent framework" for multilateral debt reorganization been built. In fact, such a framework had been working effectively for many years.

152. He noted that the Report attached particular significance to the growth of the Eurocurrency market and the emergence of floating exchange rates in the 1970s, which it claimed had led to short-term instability on the foreign exchange and commodity markets and limited the freedom of Governments in applying their domestic economic policies. His delegation considered that proposals to increase state control over financial markets and to distribute international liquidity according to development needs would create an inflationary climate and postpone implementation of adjustment policies.

153. With respect to protectionism and structural adjustment, he could not agree that there had been a great increase in protectionist measures, although he recognized that pressures for such measures had grown stronger in recent years. Nor did he believe that policies of import substitution provided the best means of accelerating economic development, since they required a great degree of planning, which might interfere with the most efficient allocation of resources. International structural adjustment was a continuous process primarily determined by market forces. With respect to the declining terms of trade for primary commodities, he felt that the rapid growth in the export of manufactures by developing countries was the most important explanatory factor. This was not the dire situation that the Report implied, but rather an indication of progress in development and diversification of the exports of developing countries.

154. As regards the discussion of the Common Fund for Commodities in the Report, he reiterated the position of his Government that the Common Fund was primarily an instrument which had the potential to reduce direct government contributions to stabilization agreements through the pooling of funds; joining the Common Fund did not for the United States constitute endorsement of the concept of market regulation.

155. His delegation also could not agree that developing countries must develop their own merchant fleets in order to improve their position in international trade, since this might lead to a misallocation of scarce resources. Nor could it endorse the view that the growth of merchant fleets in developing countries had been "slow" and "minimal".

156. These critical comments stemmed from the different approach his Government took to the problems of development, as set out in statements by or on behalf of the President of the United States at the current session of the General Assembly and the recently concluded annual meetings of the IMF and the World Bank: maintenance of an open trading system and a smoothly functioning international financial system; foreign assistance combined with appropriate domestic policies; support for regional co-operation and bilateral consultations; reliance on a system of incentives for promoting individual initiative; and a measure of security and political stability.

157. His Government had always supported constructive proposals for change and had been instrumental in creating new international institutions in the post-war period because it recognized the need for international law and a framework for international discourse. Those institutions had not been created as instruments for global management or control. Rather, they blocked the re-establishment of the old system of restrictions, and established a framework in which trade and investment could flourish. He thus viewed the emphasis on the achievement of global targets through the machinery of international institutions as ill-founded. A basic fault of the secretariat's Report was its failure to recognize these factors of the international system and instead to suggest one which he saw as unrealistic and unworkable. The

massive resource transfers implied were simply out of the question. Future issues of the Report should focus on specific problems which the Board could address. By making a greater effort to deal objectively with issues, both in its assumptions and in its use of data, UNCTAD would achieve greater credibility for its reports and gain greater influence in the North/South dialogue.

158. The representative of Indonesia stated that by stressing the interrelationship of the issues of money, finance, trade and development the Report filled a void left by the annual reports of other international organizations. The international economic system as it had functioned over 30 years had been shown to be inefficient, inequitable and a source of grave problems for the developing countries. The economic policies of the major developed countries would have to be changed in order to provide an environment in which developing countries could move along the path of transition towards a new international economic order. One great value of the Report was its insistence on this point, but a shortcoming was the absence of a detailed prescription of the policy changes that would be required.

159. The Report also gave an excellent account of the tremendous efforts and sacrifices that developing countries had made in marshalling their own resources in the pursuit of their national development objectives and clearly showed that their progress had been retarded more by the constraints imposed by the international economic system than by the inadequacy of their own efforts. It clearly pointed out the growing dynamism in the area of economic co-operation among developing countries.

160. Turning to the analysis of structural changes in key sectors, he said that the impact of the activities of transnational corporations on the economies of the developing countries required countervailing measures by the international community. He hoped that the UNCTAD secretariat would pursue this line of analysis and propose concrete policy measures in the area of money and finance, as well as in other areas, to promote the development efforts of the developing countries. He suggested that, in future issues of the Report, in general, more emphasis be given to specific policy proposals in order to move to the new development paradigm with maximum speed.

161. The representative of Ethiopia drew attention to the results of the United Nations Conference on the Least Developed Countries and the arrangements recommended for periodic reviews of the implementation of the Substantial New Programme of Action adopted by that conference.

162. As regards the Trade and Development Report, 1981, he felt it could have been more comprehensive and analytical, though he recognized that it drew attention to some of the major and urgent issues, including increasing current-account deficits, high interest rates, profit remittances and debt servicing, confronting the developing countries. The world economy was in a state of structural disequilibrium and the current plight of the developing countries, and, in particular, the least developed among them, was acute. The long-promised new international economic order remained nothing more than rhetoric, while the gap between the rich and the poor continued to widen. Nothing less than a profound transformation of current international economic relations was required to lay the foundation for equitable growth and international co-operation. To that end, massive investment and transfers of resources in real terms to the developing countries in general and to the least developed countries in particular were required.

163. His delegation attached great importance to the role that UNCTAD and international financing and aid agencies such as the World Bank and the International Monetary Fund could play in bringing about a change in international economic relations, particularly if adequate development resources were made available to them and they resisted political pressures. The plight of the economically poorer and weaker countries of the world, including the least developed countries, would continue unabated unless certain industrialized countries recognized their international commitments and responded positively and generously to the call for international aid and co-operation. In the absence of adequate transfers of real resources to developing countries, and in the face of the mounting debt burden, it was hypocritical to talk of structural changes in the global economy. Whatever the origin of the current crisis, the cure lay not in isolationism and protectionism, but in an expanding international trade and aid system, with preferential treatment for developing countries on a non-reciprocal basis and without political pressure, so that the developing countries could increase their share of world trade and initiate and sustain self-reliant development programmes for their peoples.

164. The representative of Bulgaria noted with satisfaction that the Report described accurately the major achievements of the socialist countries in the last 30 years, achievements that would have been unthinkable outside the socialist economic system and the framework for co-operation provided by the Council for Mutual Economic Assistance (CMEA). None the less, the socialist countries were not fully immune from the effects of global economic crisis, since, like other countries, they were not isolated from economic conditions in the rest of the world. The socialist countries also suffered from the discriminatory restrictive measures of certain developed market-economy countries applied for purely political reasons.

165. Notwithstanding the foregoing, in 1975-1980 his country had been able to maintain a rate of economic growth exceeding 6 per cent per annum. Thanks to the achievements of the last two years, the balance-of-payments surplus had eliminated the problem of external indebtedness. In spite of the difficulties that could be expected in the world economic situation, the Bulgarian people looked to the future with optimism.

166. Unfortunately, not all countries were in that favourable position. In that connection two important factors should be taken into consideration:

(a) There were no real prospects of establishing a new international economic order, since the decision-making machinery in economic matters remained in the hands of a few developed countries;

(b) The arms race, due to the policy pursued by the United States and its NATO allies, had reached new dimensions and thus affected negatively the international economy as a whole. Resources spent for this unprecedented arms race could be used for development purposes.

Future discussion in the Board should give greater attention to both issues.

167. The representative of Bangladesh drew attention to the stark conclusion drawn from part I of the Report that the current economic crisis had affected and would continue to affect the trade and development prospects of the developing countries. Moreover, the effects of induced recession, high interest rates and monetarist policies would further dim the growth prospects for the developing countries in the short term. Least developed countries such as his own had experienced a drastic decline in their export earnings for their main products in 1980 and faced a further decline in 1981, and in consequence were expected to experience a drastic fall in the

purchasing power of their exports for the third successive year. They would be obliged to curtail severely their imports unless immediate substantial additional flows of assistance were provided in response to the Substantial New Programme of Action adopted in Paris. They could hardly afford further borrowing from the international capital markets at the current unusually high rates of interest.

168. He noted that part II of the Report reviewed the growth performance of the developing countries, with the unfortunate exception of the least developed countries, who through no fault of their own had suffered continued setbacks, being less equipped to absorb external shocks and having limited manoeuvrability in the rapidly changing international economic environment. Owing to the deterioration of their terms of trade, the purchasing power of their exports had declined at an annual rate of 2.2 per cent in the 1970s, and taken as a whole those countries had registered zero growth during the decade of the 1970s. Citing data for his own country, he indicated that, in spite of an increase in the volume of exports of 25 per cent in 1980 over the previous year, the value of exports had fallen by \$100 million. His Government agreed with the conclusion that pursuance of determined policies of increasing economic co-operation among developing countries, including the necessary element of financial co-operation, held out great prospects for the 1980s.

169. He added that the developing countries were overwhelmingly dependent on commodity markets. Hence stabilization of export earnings from primary commodities in real terms, removal of obstacles to market access, and food security for the food deficit countries were matters that required urgent attention. Increased lending by international financial and development institutions would have to be provided on acceptable terms if a deeper crisis was to be avoided.

170. The Substantial New Programme of Action for the 1980s for the Least Developed Countries placed the entire burden of implementation at the national level on the least developed countries themselves, whereas the developed countries which had accepted the targets for transfer of resources had, with some honourable exceptions, remained totally vague about the time-limit for achieving the targets. There was also room for increasing the scope of trade between least developed countries and developed market-economy countries.

171. In spite of the unanimous call by OAU and African Heads of State, by the Summit meeting of Heads of State of Islamic countries, by the Bangkok Ministerial Meeting and by other Heads of State during the United Nations Conference on the Least Developed Countries - and in spite of many other high-level meetings of developing countries - there had been a tragic lack of a clear and unequivocal response to these calls from many who would perhaps spend billions of dollars in fields totally unrelated to development.

172. The representative of Australia commended to delegations the communiqué and declaration by the Commonwealth Heads of Government Meeting in Melbourne (30 September-7 October 1981), copies of which had been made available informally. ^{10/} Turning to the Trade and Development Report, 1981, he said that the secretariat's attempt to place development problems in a historical perspective was useful, though there were statistical difficulties and there was room for wide differences of interpretation.

^{10/} Subsequently circulated as an official document of the General Assembly (see A/36/587, annex).

173. The prospects for the 1980s set out in the Report were not encouraging, but the picture was realistic and based on a sound assessment of available evidence. If Governments of both developed and developing countries were able to adopt appropriate policies, however, the outcome might be somewhat brighter than the Report suggested. The 1981 World Development Report of the World Bank, for example, referred to the transformation that had occurred in the world economy during the 1970s, and found that the world's capacity to withstand shocks in that decade had been unexpectedly high. Although there had been - and would continue to be - divergences in the economic performance of developing countries, the report of the World Bank offered more reason for optimism.

174. His Government recognized the importance of interdependence in the world economy and recognized the influence that one country's policies might have on the economy of others. That was why at UNCTAD V it had submitted a proposal on inflation, protectionism and structural adjustment. It continued to believe that development should be pursued through the mechanism of a liberal, market-oriented, international economic system, the strength of which would be measured by its ability to accommodate the changes required to meet the economic problems of developing countries.

175. All countries had a stake in a strong and dynamic international economic system, but the major industrialized countries generated a large proportion of the world's wealth, and their policies had a dominating influence on world economic conditions. The only way for those countries to achieve sustainable high levels of economic growth in the medium term, which was so important for the interests of developing countries, was for them to pursue policies aimed at reducing inflation and inflationary expectations. In that respect the anti-inflationary policies adopted during the late 1970s had almost certainly assisted economic adjustment to the second oil price shock and prevented real growth in the OECD countries from becoming negative, as it had in 1975. The success of the world economy in reducing inflation would, of course, depend critically on what happened to oil prices, a link that had not been clearly brought out in the secretariat's Report.

176. In his view, the Report took a short-term view of current policies in developed countries, criticizing high interest rates and slow growth without recognizing the longer-term benefits to developing countries that would arise from lowering inflationary expectations and improving investment and trade opportunities. He noted that little attention had been given to the contributions that domestic policies must make to economic development in developing countries. His Government believed it necessary to reiterate that improving the long-term prospects for economic development would depend on reducing protection and encouraging the restructuring of the economies of both developed and developing countries to meet changing trade and investment opportunities.

177. In recent years, trade liberalization had faltered - and some sectors, such as agriculture, had never really benefited from a concerted effort to remove trade barriers. The willingness of developed countries to accept changing comparative advantage and to improve access to their markets for agricultural products and manufactures was likely to be a test of their sincerity in wishing to accommodate the development aspirations of the developing countries within the existing international economic system. If a reduction in protection and acceptance of adjustment were unduly delayed, the costs imposed on the world economy would increase. Structural adjustment, however, could only be successful if it took place in the context of appropriate short-term policies to combat inflation.

178. The Report's recommendations for improving the development prospects of developing countries deserved serious attention. It was of interest to all to know how these proposals would affect the world economy and the long-run prospects for developing countries. His Government looked forward to further work on the development model and believed that the value of the Report lay in the stimulus it provided to discussion in the Board of important development issues and in the quantitative framework it provided for the consideration of specific tasks falling within the competence of UNCTAD.

179. The representative of Iraq noted with appreciation the emphasis placed in the Report on economic co-operation among developing countries and stated that his country would continue its efforts to increase co-operation with other developing countries. He endorsed the view in part III of the Report that developing countries should enjoy an equitable share of the world shipping market and should enlarge their national fleets in support of their foreign trade.

180. His country was willing to co-operate in solving all problems, particularly those of developing countries. At the IMF, it had submitted a number of proposals, and had supported increased OPEC assistance to developing countries. In his view, greater international financial co-operation was needed in order to help developing countries to reduce their payments imbalances.

181. The representative of Pakistan stated that the Report was a contribution of considerable intellectual weight to the deliberations of the Board. While similar reports were published by some other international organizations, he felt that UNCTAD, with its particular mandate, wide perspectives and its special focus on the problems of developing countries, should also undertake an analysis of the international economy. He hoped that future reports would concentrate on policy developments side-by-side with factual analysis to provide the background to international economic policies and prospects.

182. As regards the country classification used in the Report, he pointed out that the countries in his subregion should be described as being in "South Asia". Furthermore, the expression "Asian exporters of manufactures" was inaccurate because several countries other than those listed under this heading in annex B of the Report exported significant quantities of manufactures. It would be more appropriate to adopt a classification of countries in terms of development levels and the magnitude or severity of their problems.

183. The principal features of the current rather bleak international economic situation had been forcefully brought out in the Report. Against that sombre background, it was encouraging that the United Nations Conference on the Least Developed Countries had signalled renewed commitment by the international community to addressing the problems of those countries. The forthcoming Cancún Summit was, moreover, evidence of a conviction that world economic problems required some "top-level management". However, developing countries were still waiting for firm action to combat protectionism and for progress in negotiations, particularly on primary commodities. He considered the negotiations on renewal of the Multifibre Arrangement to be an acid test of the commitment of the developed market-economy countries to an open trading system, which was crucial to their own economic recovery and the acceleration of growth in developing countries.

184. He added that international commodity markets continued to exhibit large price fluctuations, while negotiations regarding stabilization measures were stalemated. He had hoped that conclusion of the Agreement establishing the Common Fund for Commodities would be taken as evidence of a widespread conviction that market regulation and increased commodity processing in developing countries would result in benefits to the entire international trading community. Instead, many countries continued to rely on an improvement in the trade cycle and preferred to avoid structural adjustments.

185. He agreed with the secretariat in emphasizing the problem of reduced aid flows and mounting debt servicing, particularly for the MSA countries, which were not entitled to the advantages accorded to the least developed countries but yet did not have much access to international capital markets.

186. Developing countries were not trying to place the burden of adjustment on developed countries and had made strong efforts and performed reasonably well in the face of difficult circumstances. So far as his own country was concerned, he believed it had demonstrated the capacity and the will to make excellent progress particularly in the last four years and accordingly merited enhanced support for its development efforts from the international community. However, there had been instead a reduction in net aid flows from \$776 million in 1976/77 to \$347 million in 1980/81 and an increase in annual debt servicing from \$288 million to \$684 million. While the situation had undergone some improvement recently, it was expected to be only temporary. In his view, greater international financial co-operation was needed in order to help developing countries to reduce their payments imbalances.

187. The representative of the CMEA secretariat stated that even a brief acquaintance with the Report showed it to be an interesting and comprehensive analysis of world economic problems. The report reflected the universal character of UNCTAD and dealt with a number of important issues facing the international community. The increasing interdependence of problems in the world economy required a multilateral approach for their successful solution. All countries and groups of countries had to take into account their traditions and approach, but effective collective action required the democratization of international trade and economic relations and their restructuring in conformity with the spirit of the new international economic order.

188. CMEA countries organized their mutual economic co-operation on a planned basis, consciously regulated its development, and employed methods of planning in overcoming complications when they occurred. Nevertheless, CMEA countries were also adversely affected by the structural crisis in the developed market-economy countries, the disequilibrium of the international monetary system, protectionism, inflation etc.

189. He stated that the real challenge for peaceful development was the acceleration of the arms race and the use of international economic relations for political blackmail. He noted that congresses of communist and workers' parties of CMEA countries which were held between 1979 and 1981 had adopted measures for the further deepening and perfecting of socialist economic integration and long-term bilateral programmes of co-operation in the solution of common problems. The CMEA countries had completed co-ordination of their economic plans for the period 1981-1985, which created a good basis for expanding trade and increasing the production of energy and raw materials.

190. Stating that CMEA countries intended to strengthen economic co-operation with other groups of countries on the basis of equality and mutual benefit and supported the restructuring of international economic relations on a democratic and just basis, he said that the CMEA secretariat looked forward to increased co-operation with the UNCTAD secretariat.

191. The representative of the Netherlands said that his delegation subscribed to the Report's central thesis that the continuation of current short-term policies in both developed and developing countries might well jeopardize attainment of the goals and targets of the international development co-operation to which they were committed. Despite the secretariat's efforts to use scientific models to analyse policy options, he felt that certain realities of the world economy had been blurred by the emphasis on the desirability of rapid economic growth in developing countries. He questioned, for example, whether it was more feasible to increase the flow of resources to developing countries by controlling commodity prices than for developed countries to allocate 2 per cent of their GNP to financing the trade deficits of developing countries. He thought that the Report possibly underestimated the social costs to developed countries of structural adjustment, noting the disturbing level of unemployment in his own country. He also questioned the assumption that the social costs of policies which accommodated inflation were lower than those of policies that sought to combat it. The Report could also have gained by paying more attention to differences among developing countries. In his view, it also overlooked important differences in the economic and social systems of various countries.

192. He cautioned against exaggerating the ability of Governments to control economic forces and underestimating the efficiency of market mechanism in the process of structural adjustment. For example, international financial markets appeared to have been relatively successful in channelling large financial flows to developing countries.

193. In spite of all these reservations, he affirmed his support for the usefulness of econometric models and noted that methodological uncertainties were such that a development crisis even more serious than that foreseen in the Report could not be excluded.

194. The representative of New Zealand welcomed the constructive tone of the debate on the Report. He considered that the Report differed from the recent reports of other international organizations with respect to certain of its assumptions and many of its conclusions. His delegation would have preferred more emphasis on an evolutionary approach to securing necessary changes in the current international economic order, giving due weight to economic and political realities. He felt that inadequate attention had been given to the importance of the domestic policies of developing countries, which he suggested might be dealt with in more detail in future issues. He found the emphasis accorded to import substitution policies paradoxical in view of the emphasis also given to the necessity of structural adjustment and reducing protectionism, based on comparative advantage.

195. In his view, the distinction made among groups of developing countries had strengthened the value of the Report and he suggested that further distinctions also be recognized in future issues, for example, among the developed market-economy countries, many of which also experienced difficult adjustment problems or whose economies were too small to influence world economic conditions.

196. His delegation acknowledged the existence of deeply-rooted economic and social rigidities in certain important sectors of the world economy, as was pointed out in the Report, and firmly supported the need for thoroughgoing structural adjustment, reduced protectionism, and an increased awareness of the international implications of domestic policy measures.

197. He welcomed the attempt by the UNCTAD secretariat to analyse in an integrated manner the longer-term question of structural adjustment and the impact of short-term economic policy measures adopted by developed countries, and suggested that future reports explore more deeply the interrelationship between cyclical factors and structural change. He emphasized the importance of conducting the analysis in the light of the diverse nature of countries and groups of countries, and of paying special attention to the problems of island developing countries.

198. The representative of the Ukrainian Soviet Socialist Republic stated that the Report provided a comprehensive analysis of the effect of the crisis in the developed market-economy countries on the development process, particularly in developing countries. Similar conclusions had been reached by the finance ministers of the Group of 24 which had met recently in Washington.

199. Higher interest rates on international capital markets had increased the borrowing needs of developing countries, which would eventually result in increased amortization payments as well. Increased borrowing needs also resulted from the falling value of international reserves and declining terms of trade which were a consequence of world inflation. Monetary policy in some developed market-economy countries had shifted the burden of their economic and financial crisis to other countries, which underlined the importance of taking into account the international implications of domestic policy measures if an equitable solution to the problems of the world economy was to be found. He noted that socialist countries had contributed positively to the international economic environment facing developing countries by maintaining high and stable rates of trade expansion with them.

200. In his view, the Report had not dealt adequately either with the relationship between disarmament and development or with the negative impact on international economic relations of the recent acceleration of the arms race. Furthermore, he regretted that the paragraphs on shipping made no reference to the support developing countries had received from the socialist countries in this field.

201. The representative of the United Republic of Tanzania, speaking on behalf of the African Group, welcomed the publication of the Report, particularly as it came on the eve of the Cancún Summit and the forthcoming global negotiations. The Report responded directly to the welcome given by the Group of 77 at the twenty-first session of the Board to the suggestion by the Secretary-General of UNCTAD that the secretariat undertake a comprehensive analysis of the impact on the long-term prospects of developing countries of both structural and cyclical factors at work in the world economy.

202. He noted with approval that the Report addressed itself to such basic questions as the effects of recession and inflation in developed market-economy countries, the breakdown of international monetary and financial arrangements, and the growing power of transnational corporations. Furthermore, the Report noted that the measures needed to implement a process of global structural adjustment had not been put in place and that developed market-economy countries were unlikely to return to the high growth rates of the post-war period, which threatened to jeopardize the achievement of rapid growth in the developing countries along the lines of the conventional development model.

203. Market forces could not be relied upon to produce the extensive economic transformation required in developing countries. Concerted policies at the international level, supplemented by appropriate national policies, were necessary to promote the establishment of the new international economic order and to accelerate economic growth in developing countries, particularly, the least developed among them. He supported the emphasis given in the Report to the necessity of improved terms of trade for primary commodities, reduction of protectionism, substantially increased resource transfers, strengthening of economic co-operation among developing countries, and increasing trade among developing countries and between developing countries and the socialist countries.

204. He hoped that future issues would emphasize even more the problem facing the developing countries, particularly the least developed countries, and suggested that a separate chapter be devoted to their problems. For that reason, his Group did not feel that a balanced treatment of a wide variety of country groups was a useful approach. He also suggested that the Report address itself to specific policy measures which could contribute to the achievement of the targets envisaged in the International Development Strategy, and that the Report be made available at an early date to ensure adequate time for a thorough study of its contents.

205. The representative of Canada observed with satisfaction the high level of substantive discussion of the Report in which an economic analysis rather than political rhetoric had been made, contributing thereby to strengthening UNCTAD's consultative role, which he regarded as of equal value to its negotiating role. The discussion of interdependence in UNCTAD could lead to meaningful and valid conclusions only if based on a comprehensive analysis such as was contained in the Report. He shared the concern expressed in the Report regarding the seriousness of the current economic situation, but noted with satisfaction the avoidance of a breakdown in the world trading system and the growing importance of developing countries in the world economy.

206. He agreed with much of the analysis by the secretariat of the nature of the problems faced by the world economy, but felt that it might have been more cautious in drawing conclusions. Also, the emphasis in many parts might have been put differently. For example, the shift in the composition of financial flows to developing countries reflected, in his view, the spectacular increase in private capital flows rather than any decline in official development assistance.

207. He noted that the Secretary-General of UNCTAD had recognized that economic theory did not provide any clear alternatives to solutions being pursued in developed market-economy countries and suggested that such an acknowledgment should have been included in the Report. The Report had not considered the adverse implications for the long-term prospects of developing countries if the international community was not successful in its efforts to reduce inflation.

208. Emphasis had been given frequently in the debate to the link between disarmament and development, which had also been mentioned in the Report and the Secretary-General's opening remarks. Given that many developing countries and members of Group D spent a higher percentage of their GNP on military expenditures than most developed market-economy countries, he felt that any such stricture, if one was warranted at all, should not be applied to any particular group of countries and should be based on a consideration of the percentage of total resources devoted to arms expenditures by different countries.

209. He was pleased to note that the Report dealt with the impact of changing relative energy costs and the potential impact of expanded trade and financial relations between developing countries and the socialist countries. In connection with the former point, he noted that the discussion of structural adjustment in the Report failed to take into account the extent of such adjustment as had already taken place through the decline in the levels of oil consumption by the developed market-economy countries. The substantial adjustment required by all countries, he noted, was reflected by the fact that while oil export volume had declined in 1980, its value had still increased by 40 per cent. He inquired when the UNCTAD secretariat's study on energy and energy-related investment requirements of developing countries would be issued and which UNCTAD body would be charged with it.

210. He agreed with the secretariat's observations on the potential impact of the socialist countries on the development prospects of developing countries and that greater trade and financial and technical support from them was warranted. He noted the figures given in the Report indicated that in 1975-1979 there had been reductions in the share of total official development assistance originating in OPEC countries and CMEA countries. He also observed that an analysis of changes in the prices of traded goods should distinguish at least three principal components - crude oil, primary products, and manufactures - in order to assess their relative importance in explaining the over-all price increases.

211. He noted that the Report contained almost no analysis of the impact of the domestic policies of developing countries on their economic development, and expressed the hope that future Reports would do so. With respect to the external debt of developing countries, he did not accept the notion of a direct link between the debt problems of certain countries and improved market access. He also felt that the seriousness of the debt problem had been exaggerated, since the export earnings of many borrowers had almost kept pace with the increases in their debt-service payments. Moreover, a large proportion of the debt was accounted for by a relatively small number of middle-income countries. For these same reasons, he felt that the emphasis given in the Report to the impact of high interest rates on all developing countries was exaggerated, and that more in-depth analysis would reach different conclusions.

212. He associated his delegation with the thrust of the comments made by the representative of IMF, since he considered that the treatment given to that institution in the Report was somewhat ambivalent, if not contradictory.

213. Referring to the four broad policies singled out by the Secretary-General of UNCTAD in his introductory statement, he considered that any change in the terms of trade of commodities unrelated to supply/demand factors would cause another series of fundamental adjustment problems. Commodity agreements designed to stabilize prices around long-term market trends and export earnings stabilization were more viable solutions than any wholesale shift in the terms of trade. His Government favoured the compensatory finance approach of IMF rather than the proposals made by UNCTAD. He agreed with the importance of increasing resource transfers to developing countries and strengthening the existing international institutions and noted that his country had supported the creation of an energy affiliate of the World Bank. He thought that greater emphasis should be given to ensuring that existing international financial institutions were provided with sufficient resources rather than to attempts to construct new financial mechanisms. He further shared the perception of the Secretary-General of UNCTAD of the need to resist protectionism and further increase international co-operation with respect to international trade, and believed that the proposed GATT Ministerial Meeting in 1982 should provide added momentum for increased international co-operation in the trade field. He welcomed the emphasis given to the growing significance of economic co-operation among developing countries, although, given the interdependent nature of the world, that element by itself would not be a sufficient engine for the self-sustained growth of developing countries.

214. Since the Canadian analysis of the situations differed somewhat from that of the Report, he would have preferred more shades of grey to have been used in the Report rather than simply black or white. He supported the priority sectors highlighted in the Report and noted the similarity with priorities identified at the Ottawa Summit. He also stressed the importance of ensuring the early circulation of the Report in all languages in order that delegations might prepare themselves more adequately for a substantive debate, which he felt should take place at the second regular annual session of the Board. Moreover, he considered that the volatile state of current payments balances was a particularly useful point of departure for an analysis which could contribute to the design of sound policies of growth and adjustment in all countries.

215. In conclusion, he reiterated the importance of the discussions on the Report in increasing understanding, particularly with the approach of the Cancún Summit and hopefully renewed efforts to launch global negotiations. He recalled his Prime Minister's recent statement at Melbourne on the need for a spirit of determination, willingness to compromise, ability to see beyond the short term and readiness to abandon stereotyped and confrontational approaches.

216. The representative of France stated that the Report was useful in two respects. In the first place, an annual debate based on a comprehensive report by the secretariat could assist Governments in reaching a common outlook on the international setting in which national economic policies must be conducted. Second, it would enable the Board to provide a coherent impetus to the work of all UNCTAD bodies. On the basis of the Board's discussion, priorities might be determined which could be reflected in the calendar of meetings of the programme of work of the secretariat.

217. To achieve these two objectives, several conditions would need to be fulfilled, including distribution of the Report in good time in all official languages. The analysis would need to be concrete. He noted, in this connection, that on shipping questions the Report reaffirmed traditional positions without checking them against reality.

218. He cited three tenets in the secretariat's analysis which he believed did not reflect correctly the degree to which Governments had the capacity to react to external events as well as to influence such events:

(a) That national policies before 1971 were supported by a stable and foreseeable external environment;

(b) That industrialized countries since 1971 collectively had the means to fix the volume and prices of production and trade;

(c) That developing countries reacted passively to external factors beyond their control.

A more scientific approach to the complex link between national policies and the existing structure of international economic relations was the best means of ensuring that the work of UNCTAD on international trade and finance would advance the cause of development, which was the essential objective of a new international economic order.

219. The representative of Jamaica, welcoming the Report, said it was a constructive addition to the discussion on international economic issues, bringing an important new dimension to the subject. The Report had been prepared against a background of basically different approaches taken by developed and developing countries at Manila and subsequent Board sessions on the subject matter of agenda items 3 and 4. The discussion at the current session suggested that there was a greater appreciation by the industrialized countries that there were structural problems in the international economic system, that short-term policy measures needed to be consistent with long-term objectives and that there were interrelationships in the areas of trade, money, finance and development.

220. She recalled the reports prepared by the UNCTAD secretariat for UNCTAD V, in particular on agenda items 8 and 9 (b), 11/ as well as the report to UNCTAD V by the Secretary-General of UNCTAD, 12/ which she said were in a very real sense the precursors of the Trade and Development Report, 1981 just issued.

221. She noted that at Manila, though there had been little progress because of the wide difference separating the developed countries from the Group of 77, Australia had proposed an international mechanism designed to formulate appropriate measures to overcome the obstacles facing the world economy, in particular inflation. Like other representatives, she shared the view of the Secretary-General of UNCTAD that there was still need for an appropriate mechanism within UNCTAD for a high-level exchange of views and information on and evaluation of the world economic situation. That would necessarily lead to a closer look at the further evolution of rules and principles governing international economic relations.

11/ "Evaluation of the world trade and economic situation and consideration of issues, policies and appropriate measures to facilitate structural changes in the international economy" (TD/224 and Corr.1 and Add.1); "Policy issues in the fields of trade, finance and money, and their relationship to structural changes at the global level" (TD/225); "Implications for developing countries of the new protectionism in developed countries" (TD/226). For the printed texts see Proceedings of the United Nations Conference on Trade and Development, Fifth session, Vol. III - Basic Documents (United Nations publication, Sales No. E.79.II.P.16).

12/ Restructuring the International Framework (TD/221/Rev.1) (United Nations publication, Sales No. E.79.II.D.12).

222. Reviewing the discussions which had taken place in the Board on these issues since UNCTAD V, she stated that an appropriate mechanism for in-depth consultations within UNCTAD could ultimately improve the domestic and international environment, leading to increased investment, growth and development. She noted that if developing countries were to achieve their social and economic objectives, both developing and developed countries would need to manage their affairs more efficiently and effectively. In particular, because domestic policy measures in developed countries affected economic conditions in developing countries, coherent and co-ordinated policy measures were required that would improve the international economic environment. Over the next few months it would be for both Governments and the Secretary-General of UNCTAD to find ways of bringing about a process of consultations and deliberations which could result in effective action.

223. She hoped that the secretariat would continue its efforts to find appropriate methodologies and present comprehensive data on the economic situation. With respect to the review of domestic policy measures, she considered that this was a sensitive area which needed to be approached with a sense of goodwill and co-operation. She noted that the country classification used in the Report represented a welcome departure from the traditional grouping of countries on the basis of per capita income. She hoped that the secretariat would continue to approach this question along the same lines, as appropriate. Such an approach did not obviate the fact that developing countries as a whole had a single overriding common characteristic, i.e., the lack of capacity for autonomous structural transformation and the necessity to operate in an international economic environment which was not conducive to their development. At the same time, she also felt that developed countries could be differentiated, for example, those for whom primary commodities or services contributed significantly to GDP, those which were currency-reserve countries and their impact on international money markets.

224. In her view, the Report had not dealt with the subject of economic co-operation among developing countries as extensively as its importance warranted. She urged, in this connection, the necessity for the United Nations to provide support to the economic co-operation efforts of developing countries, noting that, for instance in the area of technical support, while Group B and Group D had their own institutions, the Group of 77 did not have such independent institutional support.

225. In conclusion, she stated that there should be greater co-ordination of the substantive and organizational work of UNCTAD and considered that a calendar of meetings structured in relation to the analytical and integrating framework of the Trade and Development Report might be useful.

226. At the conclusion of the debate on agenda items 3 and 4, the Secretary-General of UNCTAD observed that the debate had been quite extensive. Delegations had addressed themselves to a very large number of important and relevant issues which called for a considered response from the UNCTAD secretariat. He preferred to defer a fuller response until he had given the matter adequate reflection. He was, however, very encouraged by the discussion, and particularly by the reception accorded to this first issue of the Trade and Development Report, which he looked forward to continuing and improving in the years ahead. He could not have wished for a better reception than had actually been given to the Report.

227. He noted that some proposals made in the Report were of a general nature, while others were more specific, and he welcomed very much the critical comments made by many delegations. He considered them to have been made in a highly constructive manner and was particularly impressed by the consistently high quality of the debate in spite of the fact that Governments had not had sufficient time for careful study of the Report.

228. He had taken note of a number of points to which he would certainly give careful consideration. One was that more attention might be given to domestic issues and policies. He noted that the primary emphasis in the Report was indeed on international issues because these were at the centre of UNCTAD's concerns. However, he recognized the close link between national and international policies and would certainly explore the possibility of giving more attention to this link. Another point mentioned by several delegations was the question of market forces versus global management. In his view, that was a false dichotomy. The issue was not to replace markets by managements but rather how markets could be made to function better, particularly in instances where their behaviour was erratic. For example, the purpose of the individual commodity agreements under negotiation in UNCTAD was not to fix the prices of primary commodities rigidly but rather to reduce their volatility.

229. Still another point raised related to the problem of the classification of countries in a report of this nature. He valued the comments made by several delegations and he would give his attention to how best to serve the requirements of analysis in order to highlight particular issues and situations.

230. He referred to the question raised by the spokesman for the European Economic Community and its member States as to how UNCTAD, as an organization, might respond to the themes and issues highlighted in the Report. He considered this type of report as directly relevant to the ongoing programme of research of the secretariat and that the treatment of particular questions could serve as useful background for future activities of the Board and its subsidiary bodies.

231. He noted that the Report was relevant in one way or another to each of the four broad areas systematically dealt with by UNCTAD, namely: commodities; money and finance; trade (under which heading he included shipping, transfer of technology, and trade relations among countries having different economic and social systems); and economic co-operation among developing countries.

232. Finally, he referred to the relative absence of specific policy recommendations in the Report and stated that he preferred to continue the practice of preparing separate policy documents on selected issues before the Board when specific action was called for. The Report itself would provide a useful analytical background to the consideration of policy issues.

233. The Director of the Money, Finance and Development Division, responding to some of the comments and suggestions made regarding the contents of the Report and the methodology used, referred first to the short-term world economic outlook. He stated that while, broadly speaking, the general conclusion that had emerged from the quantitative work of the UNCTAD secretariat was in agreement with results obtained elsewhere, such as in OECD and IMF, the technical underpinning of the work was quite different. Forecasts presented by the secretariats of many intergovernmental organizations generally reflected the official views of Governments regarding the short-term outlook for their countries and for the world economy. The forecasts of the UNCTAD secretariat, on the other hand, had been based on the technical work of the staff on short-term econometric models and on consultations with experts from developed and developing countries and international organizations, acting in a personal capacity. Although the technical work of the secretariat had not advanced far enough to take fully into account the interactions between policies in certain countries and the rest of the world economy, he noted the desire expressed by many delegations that a more integrated analysis be attempted of the feed-back effects and interactions of policy measures applied in certain groups of countries and their impact on other countries.

234. Regarding the quantitative work underlying the long-term development scenarios, summarized in part IV of the Report, he emphasized that the work was evolving and had not yet reached the stage of sophistication at which long-run interrelations among certain country groups and sectors of the world economy could be taken fully into account. This was a long-term work programme, carried out in close collaboration with other institutions, and it would be some time before the technical aspects of the work were completely satisfactory. In this context, suggestions made during the debate would be taken into account wherever possible.

235. With respect to the mobilization of domestic resources in developing countries, he noted that the question had been discussed on a fairly regular basis over the years in the Committee on Invisibles and Financing related to Trade. Perhaps a more detailed examination could be undertaken of the efforts made by developing countries to restructure their economies and to cope with the external environment, and this point might be considered when the agenda of the next session of the Committee was discussed.

236. With respect to the development paradigm presented in the Report, he felt that while it was true that the Report was optimistic about its viability and the possibility that developing countries could in the long run become a nearly autonomous pole of growth, the Report also expressed concern that international measures might be required to underpin the transitional period for one or two decades. If the adequacy of the international economic system was examined in terms of accommodating a rate of growth for developing countries of 4.6 per cent per annum, a marginal adjustment of existing international economic mechanisms might suffice. On the other hand, the requirements for underpinning a fast rate of development towards self-sustaining growth in the developing countries by the turn of the century implied that many components of the system of international economic co-operation were not adequate and were in need of substantial reform.

237. On specific points regarding long-term projections, the suggestion had been made that the growth rate of 2.4 per cent projected for the OECD countries might be unnecessarily pessimistic. Whether higher growth rates would prevail in the long-run was a complex question, but experts in OECD countries were sceptical as to whether the rates of growth would be as high as in the past. Elaboration of a higher OECD growth scenario would entail a serious examination of the structural problems and policies required to achieve such rates.

238. On a related point, it had been suggested that the relatively low growth in the OECD economies was not due entirely to structural problems, as emphasized in the Report, but rather was partly due to the policy mix and priorities of the OECD countries themselves. That was a controversial subject, with one school of thought holding that a different balance of monetary and fiscal policies would have yielded over the business cycle a growth rate that would have been higher without resulting in higher inflation rates.

239. A number of delegations had raised the issue of export promotion versus import substitution. He hoped that the Report had not given an impression of scepticism about export promotion and support for indiscriminate import substitution. On the other hand, the developed market-economy countries were experiencing relatively low productivity increases, and this would have an impact on the trade structure of developing countries and the allocation of resources between exports and import-substituting industries.

240. Turning to certain conceptual issues raised in the debate, he noted that the concept of global management had been used to refer to intergovernmental consultations on interrelationships among economies with a view to evolving a more co-ordinated policy approach to deal with the world economic situation. These consultations had already been taking place among developed market-economy countries in various groups within OECD. The socialist countries of Eastern Europe also consulted among themselves on the co-ordination of their policies. What was lacking was a system of consultations that embraced all members of the international community and dealt with monetary, financial and trade issues in an integrated fashion.

241. With regard to the concepts of competitive market forces and government intervention, he wished to clarify some possible misunderstandings. The relevant question was whether the market operations were competitive. It was generally agreed that, for purposes of equity and efficiency, competitive forces needed to be regulated in domestic markets in certain instances. Such factors also operated at the international level. In this context, the Report suggested that, under current conditions of uncertainty and disequilibrium, these factors were technically relevant and that international market forces alone might not get the world economy out of its current difficulties.

242. Support for free competition could not be equated with support for transnational corporations, since, on the whole, the latter tended to reduce the degree of international competition and to regulate markets. The size and control attained by certain transnational corporations were such as to make the competitive operation of these markets problematic. In this connection, the creation and distribution of international liquidity and the role of transnational corporations deserved further examination, which perhaps could be undertaken by the Intergovernmental High-level Group of Experts on the Evolution of the International Monetary System at its second session.

243. Concerning the role of IMF, the UNCTAD secretariat had repeatedly stated that the Fund could play a larger role in the development effort and had made a number of proposals designed to increase the resources of the Fund. Moreover, the UNCTAD secretariat had emphasized that conditionality should be adjusted and become more responsive to the development needs and problems of developing countries. The Report raised two related questions, namely, the role of IMF in financing the balance-of-payments deficits of developing countries and the connection between the operations of private capital markets and the Fund. With regard to the first question, the Report noted that the contribution of IMF to the financing of balance-of-payments deficits of developing countries had been modest. Its resources had increased significantly in the recent past and it had taken measures to adjust its conditionality to the desires and requirements of developing countries.

244. With regard to the second question, the Report noted that there existed a gap between the distribution of resources from capital markets, on the basis of their creditworthiness criteria, on the one hand, and the needs of individual developing countries, on the other hand. It was in that connection that the Report raised the question whether the pattern of IMF lending had been complementary or residual to that of capital markets.

245. The spokesman for Group B, noting that the Board had had a useful discussion on items 3 and 4, said that it would be helpful if discussion and debate on this matter could continue. Members of his Group would like the opportunity to comment at a later stage on the reactions to the debate of the Secretary-General of UNCTAD and the Director of the Money, Finance and Development Division. In order to facilitate any such discussions at future sessions of the Board, it would be useful if the

secretariat could prepare an informal summary of the views expressed at the current session and the secretariat's response to them, including a comprehensive summary of the concluding remarks of the Secretary-General of UNCTAD and the Director of the Money, Finance and Development Division.

246. At the 565th meeting, on 9 October 1981, the President drew attention to two draft decisions submitted during the session on these two agenda items (TD/B/L.606 and TD/B/L.609), as well as to draft resolution TD/B/L.360, remitted from previous sessions.

247. Introducing draft decision TD/B/L.609, the spokesman for Group B said that it was meant to underline the importance her Group attached to a continuation of the useful discussion on the Trade and Development Report, 1981. However, she understood that for the continuation of the discussion on this subject the Secretary-General of UNCTAD intended to prepare an informal paper, as requested in the draft decision. On that understanding, her Group was withdrawing the draft decision.

248. The Secretary-General of UNCTAD confirmed that it had, in any case, been the secretariat's intention to prepare, for its own use, a review of the discussion and comments made on the Trade and Development Report, 1981, which he would be pleased to make available informally to delegations.

Action by the Board

249. At its 563rd meeting, on 7 October 1981, the Board decided to refer draft resolution TD/B/L.360 on the interdependence of problems of trade, development finance and the international monetary system to its twenty-fourth session for further consideration and appropriate action (see annex II below).

250. At its 565th meeting, on 9 October 1981, the Board:

(a) Decided to refer draft decision TD/B/L.606, on access by developing countries to international capital markets, to its twenty-fourth session for further consideration and appropriate action; 13/

(b) Noted the intention of the Secretary-General of UNCTAD to provide an in-depth study of the world inflationary phenomenon and agreed to consider it at its twenty-fifth session. (see annex I below, Other decisions, (h)).

13/ For the text of the draft decision, submitted on behalf of the States members of the Group of 77, see annex II below.

CHAPTER II

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

(Agenda item 2)

251. This item was referred to Sessional Committee I for consideration and report, except for Conference resolution 114 (V), which was considered in plenary.

A. Conference resolution 109 (V): Assistance to national liberation movements recognized by regional intergovernmental organizations

Consideration in Sessional Committee I

252. The representative of the Secretary-General of UNCTAD introduced the documents which had been prepared in accordance with Conference resolution 109 (V): a review of the economic conditions in Namibia and South Africa (TD/B/869 and Add.1) and a Review of the economic conditions of the Palestinian people in the occupied Arab territories (TD/B/870). He recalled that the reviews had been undertaken by consultants at the request of the UNCTAD secretariat.

253. The representatives of several developing countries found that the two reviews provided important and useful information. They took the view, however, that such studies were to be regarded as preliminary steps in the implementation of Conference resolution 109 (V) and should be complemented by more detailed reviews of the economic conditions of the peoples of Namibia, South Africa and Palestine.

254. The representatives of some developing countries (Algeria, Cuba, India, Jordan, Libyan Arab Jamahiriya, Pakistan, Yugoslavia) asserted that the studies showed the existence of a similar pattern of exploitation in the three cases. The autochthonous populations were deprived of their rights, their institutions were destroyed, their economy was weakened and oriented toward meeting the needs of the oppressor, and attempts were made to undermine the basis of the nationhood of the indigenous populations. Several of these representatives also regretted the support given by certain Western nations to the régimes of Israel and South Africa.

255. The representatives of some developing countries (Algeria, Cuba, Nigeria, Pakistan, Senegal, Syrian Arab Republic) said that documents TD/B/869 and Add.1 clearly demonstrated how the régime of South Africa had deprived the peoples of Namibia and South Africa of their inalienable rights. Some of them drew attention to the destabilization policies of South Africa against neighbouring countries. The representatives of several of these developing countries (and also of Democratic Yemen and Ethiopia) stated that a comprehensive study on Namibia would be the most appropriate means of assisting the Namibian people in their preparation for independence. They recalled the assistance provided by UNCTAD to Zimbabwe, assistance which had culminated in a report entitled Zimbabwe: Towards a new order - An economic and social survey 14/ and felt that a similar UNCTAD/UNDP comprehensive review should be undertaken for Namibia. They felt that UNCTAD could also play a useful role in assisting in the training of the Namibian people.

14/ United Nations (1980).

256. The representatives of two developing countries (Algeria and Senegal) denounced the complicity of a number of transnational corporations with the régime of South Africa. They pointed out that such corporations helped to strengthen the exploitation of the autochthonous population and of the economic resources of these territories, and contributed to the attempts of South Africa to destabilize neighbouring countries. One of them referred to the resolution adopted by the United Nations Commission on Transnational Corporations at its recently concluded seventh session, which condemned such practices.

257. The representatives of two developing countries (Nigeria and the Syrian Arab Republic) recalled that Security Council resolution 435 (1978) of 27 July 1978, condemned South Africa's mandate over Namibia. They asserted that this resolution constituted the basis for an appropriate settlement of the Namibian question. The representative of one developing country (Nigeria) referred to the decision of the International Court of Justice, which had also declared this mandate illegal. These representatives called for an appropriate implementation of these decisions so as to ensure majority rule by 1983.

258. The representatives of all developing countries who spoke on the problems of the Palestinian people emphasized the need to recognize the rights of that people, including the right of establishing a Palestinian State. As regards document TD/B/870, they asserted that some important questions had been overlooked or had not been treated in sufficient detail and deserved a more thorough consideration. They felt that the shortcomings in the report were due to a large extent to the refusal of the Israeli authorities to co-operate in the implementation of Conference resolution 109 (V), and to the fact that the review had had to rely in many instances on official Israeli statistics, which reflected the political interests of the Israeli authorities. The representative of one developing country (Bangladesh) said that, while the reviews gave the reader a glimpse of the deplorable living conditions of the peoples of Palestine and Namibia, the review on Palestine had been handicapped by Israel's refusal to provide information. He asked why it was necessary to withhold information if there was nothing to hide. Some representatives declared that Israel had also refused to allow the channelling of Arab aid to the Palestinian people, as well as the establishment of a Cultural Institute of Palestine.

259. The representatives of several developing countries pointed out that the questions which had not been covered in the report included the situation of the Palestinian people in Jerusalem and the consequences of the projected opening of a canal to link the Mediterranean with the Dead Sea via the Gaza Strip. They referred to a resolution adopted at the recent United Nations Conference on New and Renewable Resources of Energy, which had condemned this project. The problems which needed a more thorough consideration related, inter alia, to the adverse consequences of Israel's settlements policies, the measures aimed at the proletarianization and uprooting of Palestinian peasants, the discrimination against workers, notably in the form of wide wage differentials, and policies with regard to water. Mention was also made of the discriminatory policies applied by Israel to housing, training and education.

260. The representative of Egypt pointed out that the study on the Palestinian people (TD/B/870) did not cover the situation in East Jerusalem; at the same time, it contained statistical information on North Sinai as well as a foot-note which stated that the population of North Sinai was not entirely Palestinian. He stated that North Sinai was part of Egypt, that its population was Egyptian, and that inclusion of North Sinai in the report was in error.

261. The spokesman for Group D, speaking also on behalf of Mongolia, reaffirmed the support of the Group D countries for the struggle of the peoples of Namibia, South Africa and Palestine. He denounced the fact that the régime of South Africa was attempting to prevent the decolonization of Namibia and to maintain apartheid. He called for United Nations support to the Namibian people, in line with the relevant decisions of the General Assembly. He further asserted that peace and stability in the Middle East could only be ensured by a global political settlement which would need to include Israel's withdrawal from the territories occupied since 1967 as well as the recognition of the rights of the people of Palestine, including the right to establish a Palestinian State. Such a global settlement would have to be reached with the participation of all parties concerned, including the Palestine Liberation Organization (PLO). He called for the preparation of further studies in pursuance of Conference resolution 109 (V).

262. The representative of the German Democratic Republic stated that the growing aggressiveness of the apartheid régime would not have been possible without the support of the most reactionary imperialist circles. His country had assumed a clear and consistent attitude to the implementation of the legitimate rights of the Arab people of Palestine. He stressed the important duty of UNCTAD to use more efficiently its existing possibilities for assisting the just struggle of the liberation movements of the peoples of Namibia, South Africa and Palestine.

263. The representative of the Union of Soviet Socialist Republics stated that his country had always been, and would continue to be, prepared to give full assistance to national liberation movements and peoples in their just struggle to achieve national sovereignty, territorial integrity and all other inalienable rights, including the right to self-determination. He also referred to the necessity of putting a stop to the efforts of the racist régime of South Africa and its accomplices to disrupt the process of independence in Namibia and to ensure the preservation of the apartheid régime in South Africa. He strongly condemned the South African aggression against Angola and against other African States, and called for an end to this aggression.

264. The representative of the Ukrainian Soviet Socialist Republic said that the position of his country on the question under consideration was reflected in the statement made by the spokesman for Group D. He underlined that the studies on Namibia and South Africa clearly revealed the role of transnational corporations in the exploitation of the natural resources of these territories and in maintaining the racist régimes. He condemned the military intervention of the South African régime in Angola and firmly demanded that an end be put to it. Finally, he said that, until the peoples fighting for their national liberation were given independence, UNCTAD should keep the problems of rendering assistance to national liberation movements and Conference resolution 109 (V) on its agenda.

265. The representative of China expressed appreciation for the studies submitted by the UNCTAD secretariat, saying that they singled out the economic and social issues facing the peoples of Palestine, Namibia and Azania and analysed the historical reasons for these problems. His country would, as always, support the peoples of Palestine, Namibia and Azania in their just struggle for national liberation and independence. He hoped that UNCTAD would, in accordance with relevant United Nations resolutions, continue its efforts and make a greater contribution in this regard.

266. The representative of Israel stated that the time available since the publication of the report contained in document TD/B/870 had been much too short to enable him to deal in greater detail with the uncomplimentary allegations and distortion of facts with which the report abounded, and he reserved the right to submit to the Secretary-General of UNCTAD a detailed review of the situation in Judea, Samaria and Gaza based on accurate facts and figures. He asserted that the subject matter was entirely outside the scope and mandate of UNCTAD, and claimed that the motives behind Conference resolution 109 (V) and the report were essentially political in character and part and parcel of a relentless campaign of political warfare against Israel waged with the purpose of advancing the status of the PLO and not the cause of the Palestinian Arabs. He recalled that his country had voted against Conference resolution 109 (V) since it objected to any kind of collaboration with or assistance to the PLO - an organization which was committed to the destruction of Israel, a Member State of the United Nations, as stated in the "Palestine National Covenant" adopted in 1964 by the Palestinian National Council - the highest institution of the PLO. This was a flagrant violation of the United Nations Charter. His country had accordingly informed the Secretary-General of UNCTAD of its refusal to co-operate in the preparation of the report.

267. Arguing that his country was aware of the question of the Palestinian Arabs, which required a solution, he said that the future of the Arab-Israeli conflict, including the question of the Palestinian Arabs in all its aspects, had been set forth in the framework for peace in the Middle East in line with Security Council resolution 242 (1969) and that concrete progress had been made in the negotiations for full autonomy for the inhabitants of those areas. He recalled previous statements by his delegation in UNCTAD and elsewhere in which it had explained that Israel did not object to granting assistance to the Palestinian Arabs provided that such assistance was properly channelled and given to the Palestinians themselves. He asserted that Israel had co-operated with UNDP in carrying out development projects for the benefit of the Palestinian Arabs and in that respect maintained constructive co-operation also with UNRWA, WHO and the ILO.

268. As for the review contained in TD/B/870, he denounced what he called its biased and prejudiced nature. He stated that the policy of the Military Administration in the Judea, Samaria and Gaza areas had been to maintain the laws in force and to conduct its administration in accordance with relevant rules of international law and binding international conventions, to promote social and economic development, to foster good neighbourly relations and to keep open the options for future peace negotiations. He said that the success of this policy was a matter of general knowledge; it had been affirmed by all objective observers and it had been attested to by millions of visitors, including visitors from the neighbouring countries. He added that progress had been achieved in all aspects of living conditions in Judea, Samaria and Gaza, that Israel had carried out an immense and constructive programme of development marked by human concern and respect for the Arab identity of the inhabitants; that health, housing and educational services had been improved; that unemployment had been almost eradicated since 1967; that there was no discrimination against Arab workers in regard to wages, social benefits or income tax policies; that industrial production in the above-mentioned regions had increased by more than 300 per cent since 1969; that agriculture was prospering, notably as a result of technological improvements and agricultural extension policies, so that income from agriculture had increased 2.6 times in real terms; that water supply had increased noticeably; that income and standards of living had risen most significantly; that private individual expenditure per capita, calculated at

constant 1960 prices, had risen in Judea, Samaria and Gaza by nearly 100 per cent; and that income per capita had increased at an annual average rate of 11 per cent in real terms, indicating economic and social progress.

269. He stressed that the continuing rapid growth rate of income per capita in the territories even during the period of economic stagnation in Israel clearly disproved one of the main false assertions repeated throughout the report (TD/B/870) of alleged "adverse effects" resulting from the interaction between the two economies. Furthermore he asserted that the authors of the report had devoted a large part of it to specific subjects which were being dealt with directly by the United Nations specialized agencies - such as the ILO - but, for obvious reasons, they had scrupulously ignored many of the essential positive features of the marked social and economic development achieved in Judea, Samaria and Gaza, which had been recognized and reflected in the reports of the ILO and WHO.

270. Regarding the settlements, he asserted that there was no confiscation whatsoever of private land. Those settlements had been created in what was usually rocky, uncultivated, bare, unused land belonging to the Government and not belonging to any private owners, and by no stretch of the imagination could 20,000 Israelis living in an area with a population of 1.15 million create any form of problem or danger to any future peace settlement. On the contrary, they could only create that form of co-existence that Israel wanted so much between the two peoples and not "replacement of an Arab population with an Israeli one", as envisaged by the authors of the report.

271. Explaining the unbroken connection between the Jewish people and the land of the Bible, he stated that Zionism was itself a national liberation movement - probably the oldest one - and that Israel sought to live as equals with the Arab inhabitants and not to replace them. Finally, he quoted from a statement made by the Minister of Foreign Affairs of Israel, Yitzhak Shamir, to the General Assembly at its thirty-fifth session, in which he had called on the Arab States and the Palestinian Arabs living in Judea, Samaria and Gaza to join in the peace process.

272. The observer for the Palestine Liberation Organization (PLO) expressed the appreciation of his **organization** for the preparation of the studies before the Board. He felt that, while it was of a preliminary nature, the study on the economic conditions of the Palestinian people (TD/B/370) revealed a large number of practices carried out by the occupation authorities against the people and the economy of Palestine. He said that the Palestinian people represented 4½ million men and women who, as a result of the Zionist occupation, were forced to live either outside their homeland or under occupation.

273. He stated that the economic conditions in the occupied territories were detrimental to, and discriminated against, the Palestinian people, in particular because of the policies in agriculture and water resources, labour, industry, foreign trade, banking and finance, and monetary and tax matters. Arab banks had had to close, which had hindered the efforts to finance the Palestinian projects; at the same time, the banks of the occupying forces had been using Palestinian resources to finance their own economy. The high inflation rate of Israel's economy had been exported to occupied territories. Taxes and customs duties

affected with particular severity the Palestinian industry and people. The conditions of Palestinian workers were very precarious, and wage rates were less than those received by Israeli workers - sometimes about 50 per cent of Israeli wages. Social security deductions from the wages of Palestinian workers represented one billion Israeli pounds - an amount which had largely benefited the Israeli economy. Foreign-trade policies were aimed at favouring the sale, both in the occupied territories and abroad, of goods produced by the Israeli community and in detriment to Palestinian goods. The outcome of such practices had been a systematic transfer of economic wealth and resources to the Israeli community. Of grave consequences were the continuing settlement policies of Israel, whereby more than one third of Palestinian land had been seized. He said that all these practices were in violation of numerous United Nations resolutions and decisions.

274. Consequently, he suggested that the preliminary study before the Board should be complemented by a comprehensive, detailed review of the conditions of the Palestinian economy. Drawing attention to the difficulties encountered in securing the relevant information because of the obstacles imposed by the occupation authorities, he said that these same authorities had refused to allow the execution of many projects designed to help the Palestinian people, including the establishment of a UNDP-sponsored centre for planning and research.

275. Responding to the allegation made by the representative of Israel, he said that the PLO Charter did not contemplate the destruction of any country, whereas Israel systematically engaged in military action aimed at the destruction of the Palestinian people and of neighbouring countries. He added that the Camp David agreements constituted an attempt to perpetuate Israel's occupation, and that not a single Palestinian would acquiesce in those agreements.

276. Finally, he challenged Israel to agree to the establishment of an international commission to inquire into the real situation in the occupied territories.

277. The observer for the South West Africa People's Organization (SWAPO) said that the peoples of Namibia, South Africa and Palestine shared a similar situation. South Africa's policies had led to loss of life and to aggression against neighbouring countries such as Angola. He appealed for continued assistance to Namibia by UNCTAD, both in the preparation of a comprehensive study, in collaboration with the Institute of Namibia, and in the provision of training for Namibians.

278. The representative of the League of Arab States asserted that the studies before the Board revealed the similarities in the problems facing the peoples of Namibia, South Africa and Palestine. An objection had been voiced to the effect that the reviews, having been prepared by consultants, were not "UNCTAD reviews". He believed, on the contrary, that Conference resolution 109 (V) conferred a mandate upon UNCTAD and that, therefore, UNCTAD was to assume responsibility for the studies requested and for their content. He noted that the studies before the Board were of a preliminary nature and should be followed by reviews in

greater depth. Regarding the study on Palestine (TD/B/370), he said that a number of issues should be covered in greater detail, in particular the problems arising from Israel's settlements policies. In that connection, he suggested that the UNCTAD secretariat might wish to take into account the findings made in this regard by UNRWA and by the International Committee of the Red Cross.

279. The representative of the Organization of African Unity (OAU) recalled Security Council resolution 435 (1978) which condemned the régime of South Africa and recognized SWAPO as the legitimate representative of the people of Namibia. He said that this resolution provided the basis for the solution of the Namibian problem, and he called for its implementation. As for the situation of the Palestinian people, he said that Israel had continued its policy of aggression and repression and that peace in the Middle East would require Israel's withdrawal from Arab land and recognition of the rights of the Palestinian people, including the right to establish their own State.

280. At the 6th meeting of the Sessional Committee, on 2 October 1981, the spokesman for the Group of 77 introduced draft resolutions TD/B(XXIII)/SC.I/L.3 and TD/B(XXIII)/SC.I/L.4, which had been submitted by Gabon on behalf of States members of the Group of 77. Both draft resolutions related to Conference resolution 109 (V) and concerned further assistance by UNCTAD to the peoples of Namibia, South Africa and Palestine.

281. The spokesman for Group D stated that his Group fully supported both draft resolutions. Nothing in the drafts contradicted the terms of Conference resolution 109 (V). He was of the view that the UNCTAD secretariat should continue to work on the studies requested in resolution 109 (V).

282. The representative of China hoped that studies would be undertaken in greater depth on this subject. He expressed his country's support for the two draft resolutions submitted by the Group of 77.

283. The representative of Iran also expressed support for the two draft resolutions.

284. At its 7th meeting, on 5 October 1981, the Sessional Committee decided to refer draft resolutions TD/B(XXIII)/SC.I/L.3 and TD/B(XXIII)/SC.I/L.4 to the Chairman's contact group.

285. At the 8th (closing) meeting of Sessional Committee I, on 8 October 1981, the Chairman informed the Sessional Committee that the Chairman's contact group had decided that the two draft resolutions should be remitted to the contact group of the President. It was his understanding that the two draft resolutions had already been examined there and that a decision would be taken in plenary.

Consideration in plenary

286. At the 565th meeting, on 9 October 1981, the President drew attention to amended texts of draft resolutions TD/B(XXIII)/SC.I/L.3 and TD/B(XXIII)/SC.I/L.4 which had been submitted by the States members of the Group of 77 (TD/B/L.603 and TD/B/L.604, respectively). The amended texts had been considered in the President's contact group, but since no agreement could be reached on them, their sponsors wished them to be put to a vote by roll-call.

287. Before the votes on the draft resolutions, the Secretary-General of UNCTAD indicated that, while the secretariat would initiate and organize the surveys requested in both draft resolutions, the comprehensive and in-depth studies would need additional resources to be made available from UNDP or from other voluntary contributions in the framework of technical co-operation projects.

288. The spokesman for Group B said that a large number of Group B countries regretted that so much time had been taken up by the discussion of this question at the current session of the Board. She expressed the hope that future sessions would focus on economic items related to trade and development.

289. The spokesman for the Group of 77 stated that, on the contrary, his Group felt that assistance to national liberation movements recognized by regional intergovernmental organizations was a matter of the utmost importance that should be considered in UNCTAD.

Action by the Board

290. At the same meeting (565th), the Board adopted draft resolution TD/B/L.603 by a roll-call vote of 75 to 1, with 21 abstentions 15/ (for the text, see annex I below, resolution 238 (XXIII)).

15/ The result of the vote was as follows:

In favour: Afghanistan, Algeria, Angola, Argentina, Bangladesh, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Central African Republic, China, Colombia, Cuba, Cyprus, Czechoslovakia, Democratic People's Republic of Korea, Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, Gabon, German Democratic Republic, Ghana, Grenada, Hungary, India, Indonesia, Iran, Iraq, Jamaica, Jordan, Kenya, Kuwait, Lebanon, Liberia, Libyan Arab Jamahiriya, Madagascar, Malaysia, Malta, Mexico, Mongolia, Morocco, Nicaragua, Nigeria, Oman, Pakistan, Peru, Philippines, Poland, Qatar, Republic of Korea, Romania, Saudi Arabia, Senegal, Singapore, Somalia, Spain, Sri Lanka, Sudan, Syrian Arab Republic, Thailand, Trinidad and Tobago, Tunisia, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Emirates, United Republic of Tanzania, Uruguay, Venezuela, Viet Nam, Yugoslavia, Zaire.

Against: United States of America.

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

291. Also at the 565th meeting, the Board adopted draft resolution TD/B/L.604 by a roll-call vote of 75 votes to 2, with 20 abstentions 16/ (for the text, see annex I below, resolution 239 (XXIII)).

292. The spokesman for the European Economic Community and its member States, stating that the countries members of EEC had abstained in the voting on draft resolutions TD/B/L.603 and TD/B/L.604, recalled that these countries had been unable to support Conference resolution 109 (V) because they believed that UNCTAD was not the proper forum for the discussion of such questions. He emphasized, however, that the votes just cast by the EEC countries should not be interpreted as an indication of their views on the substantive issues in question. Those views had been fully explained in the appropriate United Nations forums. Finally, he said that UNCTAD should concentrate available resources on matters that fell clearly within its competence.

293. The representative of Singapore, recalling that her country had voted in favour of Conference resolution 109 (V), stated that her delegation had also voted in favour of draft resolution TD/B/L.604. In line with its policy in the United Nations and in other international forums, Singapore understood the phrase "occupied Palestinian territories" in the resolution just adopted to refer to territories occupied by Israel since 1967.

16/ The result of the vote was as follows:

In favour: Afghanistan, Algeria, Angola, Argentina, Austria, Bangladesh, Brazil, Bulgaria, Burundi, Byelorussian Soviet Socialist Republic, Central African Republic, China, Colombia, Cuba, Cyprus, Czechoslovakia, Democratic People's Republic of Korea, Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, Gabon, German Democratic Republic, Ghana, Grenada, Hungary, India, Indonesia, Iran, Iraq, Jamaica, Jordan, Kenya, Kuwait, Lebanon, Liberia, Libyan Arab Jamahiriya, Madagascar, Malaysia, Malta, Mexico, Mongolia, Morocco, Nicaragua, Nigeria, Oman, Pakistan, Peru, Philippines, Poland, Qatar, Republic of Korea, Romania, Saudi Arabia, Senegal, Singapore, Somalia, Spain, Sri Lanka, Sudan, Syrian Arab Republic, Thailand, Trinidad and Tobago, Tunisia, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Emirates, United Republic of Tanzania, Uruguay, Venezuela, Viet Nam, Yugoslavia, Zaire.

Against: Israel, United States of America.

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

294. The representative of Japan stated that his delegation had abstained in the voting on the two draft resolutions because it considered that they related to predominantly political issues for which appropriate forums existed elsewhere in the United Nations and that they were thus outside the proper province of UNCTAD. He felt that the resources available to UNCTAD should be devoted to the specialized work programme of UNCTAD - i.e., to activities that were clearly in the domain of the objectives of that organization.

295. The representative of the United States of America, referring to the two resolutions just adopted, said that his country supported the goal of economic development of the peoples of southern Africa and had donated generously to programmes of help for those peoples. However, the United States Government did not support United Nations assistance directed to, or for the benefit of, national liberation movements. His Government strongly contended that it was not the purpose of assistance programmes under the United Nations to aid liberation movements themselves or to ensure that national liberation movements derived political benefit through assistance provided by the United Nations. With respect to draft resolution TD/B/L.604 (resolution 239 (XXIII)), which called for a study, in collaboration with the PLO, of the economic conditions of the Palestinian people who are still living under foreign occupation, he said that the United States had long supported non-political international programmes to aid the Palestinians, for example, through UNRWA and UNDP. However, the United States opposed this UNCTAD initiative, since it was an unhelpful and politically-motivated proposal that was not compatible with efforts to resolve the Palestinian issue and was not a legitimate activity for UNCTAD. Moreover, it improperly attempted to associate the PLO, a political organization, with what purported to be a United Nations development-oriented programme.

296. The representative of Canada said that his delegation had abstained in the voting on the two draft resolutions. He recalled that Canada had voted against Conference resolution 109 (V) because it considered that UNCTAD was not the appropriate forum to examine questions of a political nature. His delegation's vote on the two resolutions just adopted should not be taken as indicating a change in that position.

297. The representative of Finland, speaking also on behalf of Denmark, Norway and Sweden, said that those countries had abstained in the voting on the two draft resolutions because they were firmly of the opinion that the Board was not the proper forum for consideration of the subjects concerned. They maintained that questions of a political nature should be considered in those United Nations forums that existed for such purposes. The views of the Nordic Governments regarding the need to find a solution to the problems facing the Palestinian people were well known. Equally well known were their positions vis-à-vis Namibia and South Africa. The Nordic countries had consistently supported the United Nations in fulfilling its assumed responsibilities for ensuring self-determination and independence for the people of Namibia and for improving its economic and social conditions. Finally, he said that both issues dealt with in the two resolutions just voted upon were, in the view of the Nordic countries, extremely important. The abstention of the Nordic countries should not be construed as implying any position on the substance of these proposals.

298. The representative of Viet Nam stated that his delegation had voted in favour of the two draft resolutions. He observed that, since the adoption of General Assembly resolution 1514 (XV) on the Declaration on the Granting of Independence to Colonial Countries and Peoples, in 1960, many countries had attained independence. The international community condemned the system of apartheid practised by South Africa, as well as the campaign of terror and aggression waged by that country against the neighbouring countries, including Namibia. It was regrettable that, just when the régime in South Africa was more isolated than ever on all sides, the imperialists, international reactionaries and transnational corporations had made every effort to save that régime through strengthened political and military support. He therefore appealed to the international community to adopt radical and effective measures to help the peoples of South Africa and Namibia to cast off the yoke of apartheid and oppression. With reference to the resolution on Palestine, he expressed the view that Israel should vacate the occupied lands and Jerusalem. Finally, he said that Viet Nam had always supported the efforts of peoples striving to achieve their freedom and independence.

299. The representative of Switzerland stated that his delegation had abstained in the voting on the two draft resolutions. It considered that UNCTAD was not the appropriate forum for dealing with questions that were essentially political in origin and moreover, controversial. Moreover, the studies called for in the resolutions were likely to be a burden on the UNCTAD machinery and to divert funds from priority activities assigned to it under its mandate.

300. The representative of the Syrian Arab Republic, referring to the statement by the representative of Switzerland, said that his delegation considered that the two resolutions just adopted dealt with matters that were entirely economic. The Secretary-General of UNCTAD was called upon to prepare further studies on the occupied Palestinian territories and on Namibia that would give priority to questions of trade and development. The demands made by Namibia were entirely economic, and the economic character of the resolution on Palestine was underlined by the fact that in paragraph 1 thereof the Secretary-General of UNCTAD was asked to prepare a "comprehensive and in-depth survey of the state of the economy of the Palestinian people" in the occupied Palestinian territories. Finally, he said that these weak peoples must be helped in their struggles, but he wondered in what sense those countries that had voted against the two draft resolutions could be said to be giving such help.

301. The representative of Mongolia expressed support for the statement by the representative of the Syrian Arab Republic.

302. The representative of Switzerland, responding to the remarks made by the representative of the Syrian Arab Republic, emphasized the fact that in his previous intervention he had spoken, not of "political" questions, but of questions that were "essentially political in origin". Furthermore, he recalled that Switzerland had for many years supported the UNRWA programme, so that its position on this matter should be clear.

B. Conference resolution 112 (V): Strengthening the technological capacity of developing countries, including accelerating their technological transformation

Consideration in Sessional Committee I

303. The representative of the Secretary-General of UNCTAD recalled that the Board had to decide on the terms of reference and the timing of a meeting of governmental experts on energy in accordance with its resolution 230 (XXII), in particular paragraph 2. He suggested that, since the Nairobi Programme of Action for the Development and Utilization of New and Renewable Sources of Energy adopted by the United Nations Conference on New and Renewable Sources of Energy ^{17/} had singled out the transfer, adaptation and application of technology in developing countries as one of the priority areas for action and had recommended that the United Nations system should assist in the implementation of the Programme, the Board might wish to take account of this aspect in deciding on the terms of reference for the meeting.

304. The spokesman for Group D stated that his Group had no objection to the convening of a governmental expert meeting on energy and supported the suggestions made by the secretariat in document TD/B/L.590 to facilitate consideration of the question by the Board. He inquired whether the convening of such a meeting would have any additional financial implications.

305. The spokesman for the Group of 77 stated that his Group attached great importance to Board resolution 230 (XXII) on the convening of governmental expert meetings on individual sectors and areas of critical importance to developing countries. Since agreement had already been reached on the terms of reference for the meetings on food processing and on capital goods and industrial machinery, and since the meeting on energy was to have similar terms of reference, his Group did not think that taking a decision on the meeting on energy at the current session would present any problem.

306. The spokesman for Group B stated that his Group was not opposed in principle to the meeting of governmental experts on energy, but thought that it was not clear how the various United Nations organizations were to contribute to the work on energy. Which organization would do what? Then there was the question of how the interim committee established by the Nairobi Programme of Action would decide on the follow-up work. In view of this uncertainty, Group B proposed postponing the decision on the meeting of governmental experts on energy for about a year, pending the outcome of the above-mentioned interim committee.

307. The spokesman for the Group of 77, responding to the remarks made by the spokesman for Group B, said that there was a link between the expert meetings on the different sectors. His Group did not share the view that there was a need to postpone discussion of the issue. The question of who did what had already been discussed at the twenty-second session of the Board. In the view of the Group of 77 it was very important to have an exchange of views on the timing and terms of reference of the meeting on energy.

308. The representative of China said that Board resolution 230 (XXII) had decided the timing and the terms of reference for the meeting of governmental experts on energy being considered at the current session. It was now for the Board to take a decision on this matter. He felt that document TD/B/L.590 could serve as a useful basis for consideration of the expert meeting on energy.

^{17/} Report of the United Nations Conference on New and Renewable Sources of Energy, Nairobi, 10-21 August 1981 (United Nations publication Sales No. E.8.I.24), chap. I, sect. A.

309. The representative of the Secretary-General of UNCTAD, responding to the question put by the spokesman for Group D, stated that a decision to convene the meeting of governmental experts would have no additional financial implications, since it was already included in the proposed programme budget for the biennium 1982-1983.

310. The spokesman for Group B said that, in his view, the meeting should be convened before the fourth session of the Committee on Transfer of Technology (tentatively scheduled for November 1982), but after the two other expert groups - on capital goods and food-processing (tentatively scheduled for June and July 1982) - had met, in order to give the new group as much time for preparation as the other two groups would have. He also suggested that the meeting on energy should exclude nuclear energy. Moreover, the meetings should be convened in co-operation with UNIDO, the United Nations Department of Technical Co-operation for Development and other relevant United Nations organizations. It should also take into account the decisions which might be taken by the interim committee to be convened in 1982 to consider the implementation of the Nairobi Programme of Action for the Development and Utilization of New and Renewable Sources of Energy. Furthermore, the group should report to the Board through the Committee on Transfer of Technology. His Group would like to see these elements clearly reflected in any draft resolution submitted on this matter.

311. The spokesman for the Group of 77, referring to the suggestion made by the spokesman for Group B, stated that the Group of 77 could agree to holding the meeting before the fourth session of the Committee on Transfer of Technology. As for the terms of reference for the meeting on energy, he generally endorsed those suggested by the secretariat in document TD/B/L.598.

312. At the 7th meeting, on 5 October 1981, the spokesman for the Group of 77 introduced a draft resolution on this subject (TD/B(XXIII)/SC.I/L.5) which had been submitted by Gabon on behalf of the States members of the Group of 77. He said that, in formulating this draft resolution, his Group had taken into account the views expressed by the other groups. He believed, therefore, that the draft resolution should be acceptable to all groups. He indicated that in operative paragraph 1 the words "in the last quarter of 1982" should be deleted.

313. At the same meeting, the Sessional Committee decided to refer draft resolution TD/B(XXIII)/SC.I/L.5, as amended, to the Chairman's **Contact Group**.

314. At the 8th (closing) meeting, on 8 October 1981, the Chairman introduced draft resolution TD/B(XXIII)/SC.I/L.8 which he had submitted as a result of informal consultations, and draft resolution TD/B(XXIII)/SC.I/L.5, was withdrawn. The Chairman said his understanding was that the meeting of governmental experts on energy would be scheduled to begin on 30 August 1982.

315. At the same meeting, the Sessional Committee recommended for adoption the draft resolution submitted by the Chairman.

Consideration in plenary

Action by the Board

316. At its 565th meeting, on 9 October 1981, the Board adopted the draft resolution recommended by Sessional Committee I (for the text, see annex I below, resolution 241 (XXIII)).

C. Conference resolution 114 (V): Institutional issues 18/

317. For the consideration of this subject the Board had before it a note by the Secretary-General of UNCTAD on steps taken or envisaged by the secretariat to implement those provisions of Board resolution 231 (XXII), adopted in pursuance of the implementation of Conference resolution 114 (V) which involved action by the secretariat (TD/B/L.595) and a report by the UNCTAD secretariat on the feasibility of producing an UNCTAD daily bulletin, prepared pursuant to paragraph 25 of Board resolution 231 (XXIII) (TD/B/L.596).

318. In connection with document TD/B/L.595, and in response to questions raised concerning the proposed issuance to delegations in Geneva of a periodic listing of all personnel vacancies and the fact that a reply had not yet been received from United Nations Headquarters, the representative of the Secretary-General of UNCTAD said that he would convey to New York the Board's concern, with a view to obtaining a response as soon as possible, for circulation to the members of the Board.

Action by the Board

319. At its 563rd meeting, on 7 October 1981, the Board decided that it did not wish to pursue further the matter of producing an UNCTAD daily bulletin (see annex I, Other decisions, (c)).

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

Consideration in Sessional Committee I

320. Introducing the report prepared by the UNCTAD secretariat on this question, entitled "The effects of discriminatory and unfair civil aviation practices on the growth of air transport in developing countries" (TD/B/860), the representative of the Secretary-General of UNCTAD stated that the secretariat had found the level of protectionism in civil aviation to be very high, since it had been institutionalized through the Chicago Convention and bilateral agreements. The report also revealed a number of areas in which discriminatory or unfair practices in a more disguised form, together with the dominant position of big airlines, might affect the economies of the airlines and the tourist industries of developing countries.

321. The spokesman for Group D reiterated the position which his Group had expressed on this subject at UNCTAD V. 19/ Because of the late distribution of the report and its very complicated and specific nature, he was not yet able to give his Group's reaction on it.

322. The spokesman for Group B said this was a subject with which his Group had difficulties. He recalled that Group B countries had either voted against resolution 119 (V) or abstained, because they considered ICAO to be the right forum for this subject. He therefore felt that, at most, his Group could agree to take note of the report.

18/ This subject was referred directly to the plenary and to the President's Contact Group.

19/ See Proceedings of the United Nations Conference on Trade and Development, Fifth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.79.II.D.14), part two, para. 311.

323. The spokesman for the Asian Group said that, apart from taking note of the report, the Board should also have discussions on the subject of protectionism in the services sector. He realized that, because of late distribution of the document, the **current** session might not provide an opportunity for a full discussion of the subject. The issues raised in the report and other issues relating to protectionism in the services sector should, therefore, receive consideration at the twenty-fourth session of the Board.

324. The representative of Chile said that the report was a valuable starting point for a subject which would come to assume considerable importance, particularly in the developing countries. She drew attention to one of the conclusions in the report which suggested that preferential treatment would be necessary for developing countries. In her view, free competition and the elimination of discriminatory and protectionist practices would be imperative and, by way of example, she cited the problem of denial of equal access to fuel. Moreover, non-discriminatory access to electronic information and reservation systems would be necessary. Commenting on several other recommendations made in the report, she said that prices should be agreed by the airlines and that the role of **Governments** should be confined to the control of predatory and discriminatory practices, the protection of consumers against excessively high prices resulting from a dominant position, and the protection of aviation companies against artificially low prices caused by direct or indirect subsidies and support from **Governments**. She stated that her country had an open-skies policy and that its international air traffic had increased considerably since the introduction of this policy. Noting that the report did not claim to be exhaustive, she said that the secretariat's efforts to obtain additional information should be continued. She expressed the hope that the present debate would be effective in stimulating international co-operation in this field. Her delegation was of the opinion that the secretariat should continue its studies, bearing in mind the different national aspects, and report on its findings to the Board at its twenty-fourth session.

325. The representative of Singapore considered the report by the secretariat to be a good one. He expressed his appreciation to the other countries which had voted for Conference resolution 119 (V) in support of Singapore and the other ASEAN countries. He noted, moreover, that the protectionist issue referred to in paragraph 106 of the report had been resolved. He proposed that the Board should take note of the report and he supported the Group of 77 spokesman's proposal that the question be kept on the agenda for the twenty-fourth session of the Board.

326. The representative of the International Civil Aviation Organization said it was appropriate that regard had been **paid** to ICAO's activities, because that organization was a forum for discussion of economic and regulatory issues in international air transport. He reviewed **briefly** the activities of ICAO in these fields and noted that studies by ICAO had led to a number of resolutions adopted by the ICAO Assembly. Those resolutions favoured multilateral approaches and solutions and an avoidance of unilateral action. To illustrate the fundamental soundness of the régime, he pointed to the significant change which had occurred in the shares of total air traffic carried by different airlines over the past decade.

327. The observer for the International Air Transport Association congratulated the secretariat on its report on this difficult subject. He recalled that the membership of IATA consisted mainly of airlines of developing countries. Four of the recommendations made by the IATA Task Force, referred to

in paragraph 48 of the secretariat's report, had been incorporated in a comprehensive programme which had already produced tangible results. There were signs that IATA's multilateral co-ordination activities were again being recognized as a valuable multilateral element in a system whose structure was essentially bilateral. Finally, he assured the Board of IATA's full co-operation on this issue in the future.

328. The spokesman for Group D proposed that, in view of the importance of this complicated issue, which deserved to be discussed in depth, it should be considered further by the Board at its twenty-fourth session.

329. The spokesman for Group B said that he could agree with that proposal.

330. At its 7th meeting, on 5 October 1981, the Sessional Committee decided to recommend to the Trade and Development Board that, in view of the importance of the report (TD/D/860) and the need for time to study it in capitals, this question should be considered again at the twenty-fourth session of the Board.

Consideration in plenary

Action by the Board

331. At its 565th meeting, on 9 October 1981, the Board, in taking note of the report of Sessional Committee I, decided to consider further at its twenty-fourth session the question of protectionism in the services sector (Conference resolution 119 (V)).

E. Conference decision 132 (V): Multilateral trade negotiations

332. For its consideration of this item, the Board had before it a report by the UNCTAD secretariat, entitled "Multilateral trade negotiations" (TD/B/861).

Consideration in Sessional Committee I

333. Opening the discussion, the Director of the Manufactures Division, speaking on behalf of the Secretary-General of UNCTAD, 20/ said that the various analyses and evaluations of the results of the multilateral trade negotiations (MTN) had concentrated upon different aspects and had drawn conclusions which tended to differ considerably. In previous debates in UNCTAD, the representatives of certain countries had emphasized that an assessment of the effects of tariff reductions and the various agreements could be made only after several years' experience with their implementation. While the experience of two years was rather short, it was clear that international trade relations were now conducted within a system which presented different characteristics from those prevailing in 1973, when the Tokyo Declaration had been drawn up. He believed that the main characteristics of the present setting were the following:

(a) There had been a decline in the importance of fixed measures of protection, especially customs duties, but the incidence of those which remained tended to be greater on imports from developing countries;

20/ The Sessional Committee, having taken note of the financial implications, decided to circulate the full text of this statement (see also para. 358 below).

(b) There was now greater reliance on mechanisms of flexible protection, under which restrictions or other measures could be applied when specific conditions existed;

(c) The application of such mechanisms, however, depended upon interpretation of various criteria or terms, and such interpretation had been influenced by a tendency towards what had been termed "managed" trade;

(d) Unconditional most-favoured-nation treatment had, to all intents and purposes, ceased to be the guiding principle of international trade relations.

334. Elaborating on the above characteristics, he said that one of the reasons for the higher trade barriers facing the developing countries' exports was that the negotiation process was based essentially upon the concept of "reciprocity" and "mutual balance of advantages", and that the developing countries had little to offer that would enable them to extract major concessions.

335. Regarding the increased dependence on "flexible" measures of protection, he said that one consequence was that the interpretation of the various terms used to describe the conditions justifying the introduction of these measures had become an issue of fundamental importance in international trade relations. He cited, as examples, such expressions as "serious injury", "injury", "material injury", "serious damage", "market disruption", as well as the "threat" or "real risk" thereof, which related to the situation in the importing country, and to other expressions relating to the countries or products against which action could be taken. He said that, while the MFN agreements defined the circumstances in which certain non-tariff measures might be applied, they did not necessarily make it more difficult to apply such measures. In fact, the concern to provide more flexibility for taking protective action seemed to have been as important as, if not more important than, the effort to liberalize trade.

336. Regarding the issue of so-called "managed" trade, he felt it was possible to say that the MFN themselves contained the managed trade concept to the extent that certain agreements provided the basis for the "management" of prices or other factors for trade in a particular sector. Moreover, at the same time as the MFN, other arrangements had been developed to manage trade outside the GATT framework. In consequence, with trade in sectors as important as steel, textiles, motor vehicles and bovine meat being managed, there was an obvious temptation to extend this approach to other sectors. The underlying reason for the trend towards reliance on flexible measures for protection, including "managed" trade, appeared to be the failure of the current system to provide the legal mechanism for dealing adequately with shifts in comparative advantage from one country or group of countries to another. He was not seeking either to support or to condemn the concept that trade should be managed; his concern was that if trade were to be managed, it should be managed according to multilaterally-agreed rules, based on sound economic foundations and, above all, equitable in their application.

337. He said that it was quite clear that, in the post-MFN system, the principle of unconditional most-favoured-nation treatment could no longer be considered the cornerstone of international trade relations. Even before the MFN, most of the major trading countries applied differing import régimes to different sectors and for different supplying countries, either under the GATT articles or through "legal cover" such as waivers or equivalent devices. Although the MFN agreements themselves did not require a conditional application of the advantages contained therein, it was clear that some signatories intended to apply them on such a basis,

and this gave rise to the danger that other countries might follow suit. He believed that the reason why the unconditional clause had been allowed to become increasingly more irrelevant was that the major economic powers implicitly recognized that the original GATT system could never be applied effectively in a universal context. Hence, the world was witnessing different régimes for trade between different categories of countries and within different product sectors.

338. He added that it was possible to look at the post-MTN system from two perspectives. One was that, through pragmatic ad hoc adjustments the system had, to a large extent, overcome the problems that had appeared most dangerous in 1973 and was responding to the needs of a changing international economic environment. The other, perhaps more pessimistic view, questioned how long a system could be maintained by paying lip-service to its general rules and principles when, in reality, the main role of the juridical framework appeared to be that of bestowing legality - and even then not in all cases - upon measures which conflicted with these rules and principles. The time had come for serious reflection. Could the present system be maintained indefinitely on an ad hoc basis, responding to strains as and when they arose? Had the time not come to at least begin to conceive of a new system that was universal, comprehensive and more coherent? He suggested that in future any trading system would have to provide an answer to the following questions. **First, should trade be "managed"; if so, according to what criteria?** Second, were there "unacceptable" degrees of market penetration; if so, at what levels? This would require an examination of what really constituted injury, or damage, or market disruption. Third, how should countries adjust to shifts in comparative advantage from one group of countries to another? Fourth, how could a legal framework be devised that would ensure equivalent benefits for countries at different levels of development or with different social and economic systems? Fifth, how could a negotiating system be established which could somehow compensate smaller and economically weaker countries for their lack of bargaining power? And last, what should be the role of **Governments** and enterprises in the control of trade, including control through the use of trade-restricting measures such as restrictive business practices?

339. He believed that, while the results of the MTN might be considered a failure, a great success, or something in between - depending on the country concerned - the post-MTN trade-relations system was fraught with inner contradictions which had to be resolved if international trade were to continue to grow and to provide the means for accelerating economic development. Among the principal functions of UNCTAD were those of formulating principles and policies in international trade and related problems for economic development; making proposals for putting the said principles and policies into effect; and taking such other steps within its competence as might be relevant to this end, having regard to differences in economic systems and stages of development. Accordingly, he suggested that the Board should begin to consider what new, or revised, principles and policies would be necessary to resolve the contradictions in the post-MTN international trading system and to provide the bases for an improved, more comprehensive, more realistic, universal system. He believed that the Board was the most appropriate forum for a discussion of these questions, frankly and without commitment by any participant. Such discussions could pave the way for the eventual establishment of an improved system.

340. The representative of the United States said that the statement just made by the representative of the Secretary-General of UNCTAD was most lucid and he welcomed the fact that it had not dealt exclusively with the MTN. The statement was a

challenge to discuss the nature of the international trading system, although he felt that it was difficult to respond **straightaway**. He was inclined to think that the most appropriate forum for consideration of the issues might be GATT, especially the proposed GATT ministerial meeting.

341. The spokesman for Group D said that the very interesting and thought-provoking statement just made by the representative of the Secretary-General of UNCTAD needed to be studied in depth and his reflections and proposals considered in the Board and in other competent UNCTAD bodies. He welcomed the statement, which dealt with problems on a wide basis without confining itself to the interests of one group of countries. If the issues raised were considered in detail, perhaps the **current** trading system could be developed to become beneficial to all countries.

342. The spokesman for the Asian Group agreed that the statement dealt with issues that were very appropriate for examination by the Board.

343. The spokesman for the Latin American Group considered that the statement was very thought-provoking and that it dealt with issues to which the Board must devote more time.

344. The spokesman for the African Group felt that the issues raised deserved further reflection in view of their importance.

345. The representative of Bangladesh said that the statement was one of the most comprehensive analyses of the results of the MIN, and was obviously based on facts and figures. He noted that the least developed countries had obtained almost nothing out of the MIN, although special treatment for them had been called for in the Tokyo Declaration. He felt that the issues raised were of vital importance to all groups and should be considered both at the current session and at future sessions of the Board.

346. The spokesman for Group B said that ever since the adoption of Conference decision 132 (V) there had been a number of exchanges of view on the multilateral trade negotiations and these were, rightly in his opinion, now broadening into a consideration of multilateral trade in general. Referring to the report submitted by the secretariat (TD/B/861), he said it contained a number of timely and interesting points and thought the Board would wish to take note of it with appreciation. His Group's views, individually and collectively, on the major questions raised had been made known on earlier occasions and therefore did not need to be restated, but he reiterated that his Group did not accept the concept of the "negative effects" of substantial tariff reductions on developing countries. He expressed the hope that an increasing number of developing countries would follow those that had already decided to participate in the various non-tariff codes and arrangements. He agreed that a more definitive assessment of the MIN could only become possible over the longer term.

347. Referring to the extremely stimulating statement by the representative of the Secretary-General of UNCTAD, and particularly to the important role that UNCTAD was called upon to play "in formulating principles and policies on international trade and related problems for economic development" and in "making proposals ...", he said that Group B fully endorsed the view that it was in the Board that these questions could be best discussed "frankly and without commitment". The role of UNCTAD in observing, analysing and discussing trends in production and trade was and must continue to be a key one. The Board had taken a big step forward at its

twenty-second session when it had defined its programme of work on patterns of production and trade and his Group trusted that the secretariat's annual Trade and Development Report would evolve into a complementary analytical tool. With this in mind, his Group believed that the Board should concentrate, with the help of its relevant subsidiary bodies, on trying to formulate principles and policies on the basis of the observed facts; that clearly meant that it must observe and evaluate the impact on international trade trends and patterns of the practices of all countries and groups of countries. Only in this way would it be possible to avoid over-simplifications and over-hasty value judgements against which the representative of the Secretary-General of UNCTAD had himself issued a warning.

348. He stressed that, in pursuing its work within UNCTAD, it was essential that the Board take close account of the steps taken in both the tariff and non-tariff areas of GATT, which remained the international body responsible for negotiating, and thereafter monitoring the implementation of, world trade rules. It was the hope of his Group that in this way the different work of UNCTAD and of GATT would be able to go forward along the lines which he had indicated, without duplication but, rather, in a fully complementary way.

349. The spokesman for Group D, in a preliminary statement, said that, rather than repeat the previously expressed detailed views of his Group on the evaluation of the MTN, he would concentrate on certain aspects of the subject. In his view, the MTN had effects on world trade and the rules for world trade, and therefore all countries had a right to know what were these effects and to express their views thereon in UNCTAD. He felt that the Board must periodically review the impact of the outcome and the implementation of the MTN, as well as those questions for which no solution had been found, such as agriculture, textiles, quantitative restrictions and other important issues such as safeguards. It was also important that the Committee on Manufactures and the Committee on Commodities should also contribute to this process. The documentation to be prepared for those committees and for the Board, as well as the discussion on this subject, must take into account the interests of all countries participating in world trade.

350. Regarding the statement by the representative of the Secretary-General of UNCTAD, he said that Group D believed it raised very pertinent issues which fell within the competence of UNCTAD. Not all the issues raised were of direct concern to the MTN - the matter was much wider than the MTN - but they should also be reviewed by the Board at future sessions. The ideas in the statement needed a thorough examination.

351. The spokesman for the Group of 77 indicated that his Group intended to submit a draft resolution on this subject, taking into account many of the ideas expressed in the documentation before the Board.

352. At the 8th (closing) meeting, on 8 October 1981, the spokesman for the Group of 77 introduced draft resolution TD/B(XXIII)/SC.I/L.7, which had been submitted by Gabon on behalf of States members of the Group of 77. He recalled that the draft resolution had been considered in the Chairman's contact group and drew attention to a number of amendments to the text.

353. The spokesman for Group B said that his Group had been glad to participate in the preliminary exchanges that had taken place on developments in international trade. As he had said in his earlier statement, Group B entirely agreed that UNCTAD had an important role to play in considering multilateral trade in general

and in formulating principles and policies relating thereto. It was precisely for that reason that Group B thought it wise to refer this sub-item to the twenty-fourth session of the Board, namely, because such a referral would provide all delegations with time for further reflection. Before any conclusions could be reached, Group B thought it particularly important to be clear, inter alia, on the following points:

- (a) The nature, scope and need for the review of developments in the international trading system that was being proposed by the Group of 77;
- (b) The relationship of any such review to all other UNCTAD work in the trade field, such as that to be undertaken in the new sessional committee to be established in accordance with Board decision 226 (XXII) or in connexion with consideration of the secretariat's annual Trade and Development Report;
- (c) The complementarity of work undertaken in this field in UNCTAD, on the one hand, and in GATT, on the other.

354. His Group would certainly be giving further reflection to these and other relevant points over the coming weeks and months. He trusted that all countries and groups of countries would do likewise, so that it would be possible to reach wise and constructive conclusions at the twenty-fourth session of the Board.

355. The spokesman for Group D stated that his Group wished to assure the Group of 77 of its full support to the content of draft resolution TD/B(XXIII)/SC.I/L.7, as **revised**. Group D would have been ready to adopt the draft resolution even at the current session of the Board. It believed that the ideas it contained would undoubtedly influence the future work of UNCTAD once it was agreed upon by all groups.

356. The representative of China expressed his country's support for the draft resolution. He felt that it was unfortunate that, owing to lack of time, the Sessional Committee had not been able to reach consensus. His delegation agreed that the matter should be referred to the twenty-fourth session of the Board.

357. The Sessional Committee decided to recommend that this question, together with draft resolution TD/B(XXIII)/SC.I/L.7, as **revised**, 21/ and the introductory statement made at the 4th meeting of the Committee by the representative of the Secretary-General of UNCTAD, should be remitted to the twenty-fourth session of the Board.

Consideration in plenary

Action by the Board

358. At its 565th meeting, on 9 October 1961, the Board, in taking note of the report of Sessional Committee I, decided that the question of multilateral trade negotiations (Conference decision 132 (V)), together with draft resolution TD/B(XXIII)/SC.I/L.7/Rev.1 and the introductory statement made at the

^{21/} The draft resolution, as **revised**, was subsequently reissued as TD/B(XXIII)/SC.I/L.7/Rev.1.

4th meeting of Sessional Committee I by the representative of the Secretary-General of UNCTAD, should be remitted to its twenty-fourth session. 22/

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

Consideration in Sessional Committee I

359. The Chairman recalled that draft resolution TD/L.195 had been remitted by the Conference to the permanent machinery of UNCTAD and that it had been before the Board at the first part of its nineteenth session. At that session, and at each subsequent regular session, the Board had remitted the draft resolution to its next regular session for consideration.

360. The spokesman for Group D said that his Group wished to see this issue resolved at the current session of the Board. Ever since UNCTAD V, Group D had continued to believe that the question was within the competence of UNCTAD, and in particular the Committee on Commodities. He felt that the discussions at previous sessions of the Board had clearly shown that the activities of transnational corporations in developing countries were a major obstacle to the restructuring of international trade and to the stabilization of commodity markets. Consideration of the activities of transnational corporations was necessary if UNCTAD was to make progress in its work on commodities. For these reasons he felt that the request by Group D for this item to be considered in UNCTAD was fully justified. He added that his Group was grateful to the Group of 77 for its substantial support on this issue.

361. In conclusion, he requested that draft resolution TD/L.195 be transmitted to the Committee on Commodities for its consideration.

362. The spokesman for Group B recalled that his Group took a different view on the matter. The subject of transnational corporations had been assigned by the Economic and Social Council to the United Nations Commission on Transnational Corporations; he therefore considered that the draft resolution should be remitted to that Commission through the Economic and Social Council. Moreover, Group B objected to the lack of balance in the draft resolution: there was in fact no mention in it of the positive contribution made by transnational corporations to international trade, including commodity trade. He stated that, since the UNCTAD secretariat carried out studies on processing and marketing of commodities, the activities of all forms of enterprises dealing with trade must be considered. Therefore Group B continued to expect the secretariat, the commodity meetings and the Committee on Commodities to cover the activities of all enterprises, including private or State-owned enterprises, co-operatives, multinational enterprises and others.

363. The spokesman for the African Group, explaining the position of his Group with regard to draft resolution TD/L.195, stated that at the seventh session of the United Nations Commission on Transnational Corporations the African Group had given its support to the research and study programme on the activities of transnational corporations and their effects on the development of the developing

22/ For the text of the draft resolution, see annex II below. The statement by the representative of the Secretary-General of UNCTAD (TD/B(XXIII)/SC.I/Misc.1) is reproduced in annex III.

countries. That programme comprised research and studies on those activities in a number of spheres, including commodities. The African Group remained favourable to the idea of referring draft resolution TD/L.195 to the Committee on Commodities for its consideration. However, his Group could associate itself with the compromise proposal made by Group D that this question should be considered by the Board at its twenty-fourth session.

364. At the 8th (closing) meeting, on 8 October 1981, the Sessional Committee agreed to a proposal by the Chairman, made as a result of the discussions in the Chairman's contact group and of informal consultations, to recommend that draft resolution TD/L.195 be remitted to the twenty-fourth session of the Board.

Consideration in plenary

Action by the Board

365. At its 565th meeting, on 9 October 1981, the Board, in taking note of the report of the Sessional Committee I, decided to remit to its twenty-fourth session consideration of draft resolution (TD/L.195) on transnational corporations and international commodity trade (see annex II below).

CHAPTER III

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

(Agenda item 5)

366. For the consideration of this item the Board had before it a report by the UNCTAD secretariat on debt relief measures taken in implementation of section A of Board resolution 165 (S-IX) (TD/B/866 and Corr. 1), supplementing and updating previous reports to the Board and to the Conference on this subject.

367. Introducing the report, the Director of the Money, Finance and Development Division said that the secretariat had faced two problems in connection with its reporting on the measures taken by developed countries in compliance with the recommendations in section A of Board resolution 165 (S-IX). First, it was difficult to assess compliance of individual countries because the resolution envisaged the possibility of implementing the recommendations through a variety of measures which were not strictly speaking comparable. In particular, the fact that a number of developed countries had complied not by providing direct debt relief to developing countries but by equivalent measures complicated the task of evaluation. It was almost impossible to determine whether a particular programme of assistance to a particular developing country was in compliance with the resolution, and therefore additional to the total ODA programme of the donor country to the recipient country, or whether it was merely the continuation of a regular programme. Secondly, some countries had not yet informed the secretariat of the programme which they were implementing in order to comply with the resolution.

368. The resolution also contained guidelines for debt reorganization operations, which had been taken into account in multilateral forums in which individual developing countries had sought debt reorganization, and in which representatives of the Secretary-General of UNCTAD, IMF and the World Bank also participated. It was as yet too early to assess the value of such guidelines, but in pursuance of Board resolution 222 (XXI) the UNCTAD secretariat was making an in-depth analysis of the situation, including the experience of developing countries seeking debt reorganization in multilateral forums. It was also holding informal consultations with IMF and the World Bank on debt reorganization operations and would submit a report to the Board at its next regular session.

369. A related aspect was the increasing number of developing countries which had asked the secretariat for technical assistance in presenting their case for debt reorganization in international forums. There had been a growing number of UNDP-funded projects in that area. The UNCTAD secretariat had therefore asked the Administrator of UNDP to consider the possibility of interregional projects which would assist it in responding to such requests. The matter had been discussed at the recent session of the UNDP Governing Council. In pursuance of a decision by the Council, consultations would be undertaken between UNDP, UNCTAD, the World Bank and IMF with a view to ironing out certain problems and enabling the UNDP Governing Council to take a decision on this subject in 1982.

370. The spokesman for the Group of 77 thanked the Director for his careful and comprehensive review of the implementation of Board resolution 165 (S-IX), stating that the report by the UNCTAD secretariat was an appropriate response to the request made by members of the Board during its twenty-second session.

371. Drawing attention to several problems, such as the effects of worldwide inflation, deteriorating terms of trade, and fluctuations in exchange rates, which continued to plague the economies of the developing countries, he stated that they were hitting hardest those which were least able to adjust to them. During the current year, the total debt of developing countries was approaching \$US 450 billion and debt service accounted for more than 28 per cent of the export earnings of the developing countries.

372. The Group of 77 appreciated the measures taken by most developed countries in accordance with section A of resolution 165 (S-IX), but regretted the discriminatory measures taken against some least developed countries by some members of Group B. Some developed countries had not completed fully the action called for in the resolution. There was considerable variation in the geographical coverage, and some least developed and most seriously affected countries had been excluded from the list of beneficiary countries. His Group urged all developed countries to take immediate measures to implement fully section A of the resolution.

373. He noted that the measures envisaged in that resolution were addressed to a relatively small part of the aggregate debt of developing countries and were not expected to make a significant impact on the total external debt of developing countries, particularly that of the least developed countries. Since this latter group accounted for only 7 per cent of the total official development assistance debt outstanding, the measures taken by developed countries in its favour should be extended to other areas besides official development assistance.

374. Full implementation of section A of resolution 165 (S-IX) by all developed countries and a continuation of retroactive terms of adjustment as envisaged in the new International Development Strategy could make an effective contribution to increasing the volume and improving the quality of assistance to developing countries.

375. The Group of 77 believed that debt relief should be additional to currently projected levels of aid as agreed in the Substantial New Programme of Action for the 1980s for the **Least Developed Countries**, as well as in paragraphs 97, 98, and 103 (a) of the new International Development Strategy for all developing countries. It urged all developed donor countries to join with the developing countries in a constructive search for a new interdependence which recognized the legitimacy of the different social and economic systems.

376. The Group of 77 attached high priority to the proposed UNCTAD/UNDP interregional project on debt management, which would be before the Governing Council of UNDP at its twenty-ninth session in June 1982. It believed that UNCTAD should make every effort in preparing for meetings regarding debt reorganization, as well as helping the developing countries, in particular, the least developed countries, in setting up appropriate institutional and technical arrangements to monitor their external debt obligation.

377. Commenting further on the report (TD/B/866 and Corr.1), he said that it would have been more complete had it drawn attention in a clear way to the nature and magnitude of the discriminatory treatment by some developed countries.

378. The spokesman for the Group of 77 requested the Secretary-General of UNCTAD to prepare a study which clearly indicated other avenues of debt cancellation to the developing countries, in particular to the least developed countries. He said

the Secretary-General of UNCTAD should also be requested to prepare an assessment of additional measures taken by developed countries and to submit his conclusions and recommendations to the Board at its twenty-fourth session for appropriate action. The Board should continue to keep the implementation of resolutions 165 (S-IX) and 222 (XXI) under review and his Group felt that the item should be placed on the agenda for its twenty-fourth session as a matter of priority.

Action by the Board

379. At its 565th meeting, on 9 October 1981, the Board, in approving the provisional agenda for its twenty-fourth session (see para. 601 below), included this item therein.

CHAPTER IV

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

(Agenda item 9)

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

A. Manufactures and semi-manufactures

(Agenda item 9 (a))

1. Report of the Special Committee on Preferences on its tenth session

Consideration in Sessional Committee I

381. Introducing the report of the Special Committee 23/ and recommending endorsement of the report by the Board, the Chairman of the Special Committee said that the tenth session had taken place at an important time, since the GSP was entering the second decade of its operation. For that reason the Committee had focused on the need to preserve and improve the system, so as to make it an effective instrument of international economic co-operation. The Special Committee had learned with satisfaction that a number of preference-giving countries had taken steps to extend the period of their schemes or were planning to do so. The preference-giving countries had also reiterated their commitment to improve their schemes. However, some of those countries had also explained the reasoning behind the restrictive measures that had been taken, in particular under the so-called policy of graduation. For their part, the preference-receiving countries, while appreciating the steps taken to prolong the GSP and the various minor improvements made in the schemes, felt that too little had been done in that respect and that the achievement of the objectives of the GSP remained as far off as ever. They were particularly concerned that the proliferation of restrictive devices in the schemes had culminated in an overt policy of graduation. They felt that such devices ran counter to the general agreement and commitment by all concerned to a policy of constant improvement in the schemes. The representatives of developing countries had therefore made specific proposals for improvements to the schemes, set out in annex II of the report. The preference-giving countries had indicated that they were prepared to pursue the dialogue on individual schemes at the informal bilateral or plurilateral consultations which were held during the annual sessions of the Special Committee.

382. He added that the Special Committee had also considered the report of the Working Group on Rules of Origin on its eighth session (TD/B/C.5/76), in particular with regard to the further improvement, harmonization and simplification of rules of origin applied under the GSP. It had agreed that the task of the Working Group had not been completed and that further work also needed to be done in connection with the Notes on the back of the Certificate of Origin (Form A). Accordingly, it had agreed to recommend that the Working Group should be reconvened, preferably before the end of 1981.

23/ Official Records of the Trade and Development Board, Twenty-third Session, Supplement No. 2 (TD/B/853), provisionally circulated as document TD/B/C.5(X)/Misc.2.

383. He drew attention to resolution 7 (X) adopted by the Special Committee, on technical assistance in connection with the GSP, in which it was recognized that technical assistance was an important element in enabling preference-receiving countries to benefit from and utilize fully the advantages under the GSP. There had been consensus that these technical assistance activities should be continued and that the United Nations Development Programme (UNDP) was the appropriate United Nations body to fund technical assistance in the sphere of trade. The Committee had therefore recommended that UNDP continue over a multi-year period the necessary financing of special activities at levels which would permit the current UNCTAD/UNDP project to maintain its essential function as a focal point for the dissemination of information on the GSP schemes. The resolution also stated that this level of financing was a **pre-condition for preference-giving countries to continue additional voluntary assistance to the current project.**

384. In conclusion, he said that, at the request of the Special Committee and acting on his behalf, the Egyptian delegation had brought resolution 7 (X) to the attention of the UNDP Governing Council at its twenty-eighth session in June 1981 and had emphasized the importance the Special Committee attached to the maintenance of a formal arrangement whereby UNDP would continue to make a direct contribution to the technical assistance activities. As a result of the unanimous support given in the UNDP Governing Council, the Administrator of UNDP had already agreed to continue the financing necessary to maintain the focal point in UNCTAD, on the understanding that UNCTAD would continue to seek additional resources, in particular from the preference-giving countries.

385. The spokesman for Group B stated that the Board was confronted with two proposals of the Special Committee on Preferences, one being to endorse resolution 7 (X) of that Committee and the other to reconvene the Working Group on Rules of Origin. His Group agreed that the Working Group should be reconvened, but with regard to resolution 7 (X), it was not quite clear about the role of UNDP financing of technical assistance activities in connection with the GSP. There had been reports that the Administrator of UNDP had agreed to a gradual phasing-out of UNDP financial support for the current project on the GSP in order to give the UNCTAD secretariat the opportunity to find alternative sources of financing. He therefore asked the secretariat for further clarification, especially in view of what the Chairman of the Special Committee had just stated regarding continued financial support by UNDP.

386. The representative of the **Secretary-General** of UNCTAD stated that, as a consequence of the recommendation of the Special Committee in its resolution 7 (X) and the unanimous support expressed by the UNDP Governing Council for continued technical assistance activities in connection with the GSP, the Administrator of UNDP had agreed to continue UNDP financing of the current project for the next biennium. UNDP had initially informed the UNCTAD secretariat that the financing would amount to \$200,000 per year for the next two years. However, upon review of the entire interregional programme proposals involving all agencies, UNDP had found it necessary to make certain cuts which, in the case of UNCTAD, would amount to 10 per cent in 1982 and to 20 per cent in 1983. It was possible that the GSP project would be affected by these cuts, but there was basic agreement between UNDP and UNCTAD on the need to finance a focal point.

387. The spokesman for Group D said that he was ready to endorse both resolution 7 (X) and the proposal to reconvene the Working Group on Rules of Origin before the end of 1981.

388. The spokesman for the Asian Group stated that, in the Special Committee on Preferences, both the proposal to reconvene the Working Group on Rules of Origin and the recommendation that UNDP should continue financing technical assistance in connection with the GSP had received the full support of all regional groups. He recalled that, in the Special Committee, the spokesman for Group B had stressed that there was a need for continued technical assistance activities because the schemes were being renewed beyond the initial period of 10 years. Group B had even called for new and intensified technical assistance activities to help developing countries to cope with the changes in the schemes. It was therefore encouraging to note the clarifications given by the representative of the Secretary-General of UNCTAD regarding continued UNDP financing.

389. The representative of China expressed the view that the GSP was a viable instrument for promoting international co-operation and that the experience of the last 10 years had proved that it could play a positive role in improving access to the markets of the developed countries and in helping developing countries to increase their export earnings. Assistance to enable the developing countries to make fuller use of the advantages of the GSP was being provided both by the UNCTAD/UNDP project and by a number of preference-giving countries. This assistance had proved beneficial in expanding the developing countries' trade. In view of the extension of the GSP, there was need for continued financial support for technical assistance activities, in particular by UNDP. He agreed, therefore, that resolution 7 (X) should be endorsed by the Board. He also supported the recommendation to reconvene the Working Group on Rules of Origin before the end of the year, so that it could continue its work on simplification of the rules and the revision of the Notes on the back of Form A.

390. The spokesman for Group B stated that, in view of the clarifications given by the representative of the Secretary-General of UNCTAD, his Group was ready to endorse resolution 7 (X). He recalled, however, that the recommendation made in paragraph 3 of that resolution was that UNDP "continue over a multi-year period the necessary financing of the project at levels that will permit the project to maintain its essential functions as a focal point for the dissemination of information on the GSP schemes." He noted from the clarifications given that UNDP financing was now assured for the next two years only and he hoped that such financing would be forthcoming even after that period.

391. The Chairman noted that this hope was shared by all regional groups.

392. At its 3rd meeting, on 30 September 1981, the Sessional Committee recommended that the Board take note of the report of the Special Committee on Preferences on its tenth session and endorse resolution 7 (X) adopted by the Special Committee. The Committee also recommended that the Working Group on Rules of Origin should be reconvened at a time to be determined.

Consideration in plenary

Action by the Board

393. At its 565th meeting, on 9 October 1981, the Board, in taking note of the report of Sessional Committee I, took note of the report of the Special Committee on Preferences on its tenth session, endorsed resolution 7 (X) adopted by the Committee, and agreed to reconvene the Working Group on Rules of Origin.

2. Report of the Ad hoc UNCTAD/UNIDO Group of Experts on Trade and Trade-related Aspects of Industrial Collaboration Arrangements on its second session

394. At the request of the Chairman of the Ad hoc UNCTAD/UNIDO Group of Experts on Trade and Trade-related Aspects of Industrial Collaboration Arrangements, the Director of the UNCTAD Manufactures Division, on behalf of the Executive Director of the United Nations Industrial Development Organization and the Secretary-General of UNCTAD, introduced the report of the Group of Experts on its second session, held in Vienna from 1 to 12 June 1981. 24/ He said that the Group of Experts had examined the range of issues relating to enterprise-to-enterprise agreements, including those concluded in the framework of intergovernmental agreements. The Group had also considered the role which Governments had played, inter alia, through intergovernmental framework agreements, in promoting and facilitating trade and industrial collaboration in its various forms. Moreover, it had examined the need for building up expertise in developing countries and for improving the exchange of information and material in this field. The deliberations of the Group on those issues were reflected in some detail in its report.

395. As for the conclusions and recommendations of the Group (paras. 13-18 of the report), he said that the Chairman of the Group of Experts had drawn particular attention to paragraphs 15 and 18 regarding future action which the Group considered important in promoting and facilitating trade and industrial co-operation at both the enterprise level and the intergovernmental level. The Group had recommended that the UNCTAD and UNIDO secretariats should continue to examine the various trade and trade-related aspects of industrial collaboration arrangements, including those referred to in paragraph 34 of the report on its first session, 25/ taking into account the studies and relevant documentation available in other international organizations including the United Nations Centre on Transnational Corporations, the Economic Commission for Europe, and other regional commissions. The Group considered that, in view of the close relationship between industrial development and trade, UNCTAD and UNIDO should continue and further strengthen their co-operation, in their respective areas of competence, in promoting international co-operation for industrial development and trade, particularly of the developing countries. The Group had also recommended that, in view of the complexity of the problems revealed at its second session, there should be further examination of the problems involved in industrial collaboration arrangements at both the enterprise and the intergovernmental level, taking into account the UNIDO sectoral consultations; for this purpose the Ad hoc Group should continue its work.

396. In conclusion, he said that the Board might wish to take note of the report of the Group of Experts. It might also wish to consider the specific recommendation by the Group that there should be further examination of the problems and issues involved in industrial collaboration arrangements at both the enterprise and the intergovernmental level and that, for this purpose, the Ad hoc Group should continue its work.

397. The spokesman for Group D asked the secretariat to clarify the matters referred to in paragraph 15 of the report of the Group of Experts. He also sought clarification on what was meant by the "multi-year technical assistance programme on trade and industrial collaboration" in the same paragraph and asked how such a programme was to be strengthened and financed.

24/ Official Records of the Trade and Development Board, Twenty-third Session, Annexes, agenda item 9, document TD/B/862.

25/ Ibid., Twentieth Session, Annexes, agenda item 7 (b), document TD/B/774.

398. The spokesman for **Group B** said he felt that the report of the Ad hoc Group amounted mainly to a collection of the different views of its members. His Group had particular difficulties with paragraphs 13-18, which contained the conclusions and recommendations. For example, he did not consider appropriate a discussion of topics mentioned in paragraph 13, such as "performance guarantees, ... supply of raw materials, ... buy-back arrangements, arrangements for maintenance and repair, provision of technology, financing, pricing mechanisms and ... **arbitration**". These points had been discussed frequently in a very controversial manner in the UNIDO sectoral consultations. Another example was in paragraph 15: already at the twentieth session of the Board, **Group B had made it very clear that the Ad hoc Group should concentrate its efforts on matters within its mandate and that it should leave wide-ranging subjects of a general nature to be dealt with elsewhere.** Paragraph 15 as it stood now would broaden that mandate even more than the recommendations made in paragraph 34 of the report of the Ad hoc Group on its first session. ^{26/} Group B questioned the usefulness of a further meeting and would rather recommend that the Ad hoc Group of Experts should be dissolved.

399. The representative of the UNCTAD secretariat, replying to the comments made on the work of the Ad hoc Group of Experts, recalled that the Group had been established by decision 172 (XVIII) of the Trade and Development Board and a corresponding decision of the Industrial Development Board. The Group had been established in the context of implementing Conference resolution 96 (IV) which, inter alia, underlined the close relationship between industrial development and trade, and called on UNCTAD and UNIDO to co-operate fully, in their respective areas of competence, in promoting action on industrial collaboration as defined in paragraph 5 of that resolution. One of the reasons for the establishment of the joint UNCTAD/UNIDO Group had been the fact that a number of delegations in UNCTAD had considered the competence of the Committee on Manufactures, or of a working group established under that Committee, to be too limited for carrying out effectively the provisions of Conference resolution 96 (IV) concerning industrial collaboration arrangements and co-operation between UNCTAD and UNIDO.

400. Referring to the recommendation in paragraph 15 of the report of the Ad hoc Group that the UNCTAD and UNIDO secretariats should continue to examine the various matters pertaining to the trade and trade-related aspects of industrial collaboration arrangements, he said that this recommendation would have no legal or financial effect on the work being carried out by UNCTAD in the field of industrial collaboration arrangements. That work was based directly on Conference resolution 96 (IV) and was reflected in programme 3, programme element 3.2, of section 15 of the proposed programme budget for the biennium 1982-1983. ^{27/} The Ad hoc Group's recommendations would have an effect on the work in UNCTAD only in the sense that they would be taken into account in the preparation of studies by the UNCTAD secretariat on industrial collaboration arrangements.

^{26/} Ibid.

^{27/} See Official Records of the General Assembly, Thirty-sixth Session, Supplement No. 6 (A/36/6 and Corr.1), vol. II.

401. As for the Ad hoc Group's recommendation that the multi-year technical assistance programme on trade and industrial collaboration should be strengthened, he said that again justification for such technical assistance derived directly from Conference resolution 96 (IV), in particular section II, paragraph 5 (h). Accordingly, the provision of technical assistance in this field had been included in programme 3, programme element 3.5, of section 15 of the proposed programme budget for the biennium 1982-1983. The financing of the increased substantive support for these technical co-operation activities should come from UNDP.

402. The spokesman for Group D stated that he was fully satisfied with the replies just given to his questions, in particular on the points raised in paragraph 15 of the report of the Ad hoc Group. In the view of Group D the work on trade and trade-related aspects of industrial collaboration was important and should be continued. Group D appreciated the contributions made by the UNCTAD and UNIDO secretariats to the work in this field. The difficulty, as far as Group D was concerned, lay rather with the report of the Ad hoc Group. Group D did not see any need for it to hold a third session. In this connection, he recalled Board resolution 213 (XX), which had requested the Ad hoc Group to prepare its final recommendations and to submit them to the executive heads of UNCTAD and UNIDO. UNCTAD had permanent bodies which were competent to deal with trade and trade-related aspects of industrial collaboration. To entrust the work to a permanent body in UNCTAD would surely be in line with Board decision 221 (XXI) on rationalization of the permanent machinery of UNCTAD, which had recommended, *inter alia*, that the main committees should be strengthened. He proposed, therefore, that any further action or consideration of future studies should be undertaken by the Committee on Manufactures. The UNCTAD secretariat would co-operate, as necessary, with UNIDO in carrying out the tasks entrusted to it under Conference resolution 96 (IV).

403. At the 8th (closing) meeting, on 8 October 1981, the Sessional Committee agreed to the proposal made by the Chairman, on the basis of informal consultations, that it take note of the report of the Ad hoc UNCTAD/UNIDO Group of Experts on Trade and Trade-related Aspects of Industrial Collaboration Arrangements on its second session 24/ and recommend that the UNCTAD and UNIDO secretariats should continue their work on industrial collaboration arrangements as set out in Conference resolution 96 (IV). The Board would be asked to review the matter at its twenty-fourth session.

404. The spokesman for Group D stated that, in the view of Group D countries, the fact that they had taken note of the report of the Ad hoc Group of Experts did not mean in any way the endorsement of the action proposed in paragraph 17 of the said report.

405. The spokesman for Group B said he fully agreed with the view expressed by the spokesman for Group D.

Consideration in plenary

Action by the Board

406. At its 565th meeting, on 9 October 1981, the Board, in taking note of the report of Sessional Committee I, took note of the report of the Ad hoc UNCTAD/UNIDO Group of Experts on Trade and Trade-related Aspects of Industrial Collaboration Arrangements on its second session and endorsed the recommendation that the UNCTAD and UNIDO secretariats should continue their work on industrial collaboration arrangements as set out in Conference resolution 96 (IV). The Board further decided to review this matter at its twenty-fourth session.

B. Shipping
(Agenda item 9 (b))

Consideration in Sessional Committee I

407. The report of the Committee on Shipping on its third special session ^{28/} was introduced by the Chairman of that Committee. He recalled that the session, convened in May 1981, had been devoted solely to the question of open registration. In his view, this fact bore witness to the importance of the subject and to the priority it had been given by Governments of States members of UNCTAD and by the international maritime community. It was without doubt the concern of all parties to deal with the question of open registries in a manner favouring the best interests of world seaborne trade and the orderly development of the world merchant fleet. Although no unanimous agreement had been reached at the session, he felt that resolution 43 (S-III), adopted by majority vote, did provide a mechanism through which a consensus of action might be arrived at in the future to the satisfaction of all parties concerned. In paragraphs 1 and 2 of that resolution, the Committee recommended that the current régime of open registries should be gradually and progressively transformed into one of the normal registries and that the Board "convene during the first half of 1982 an intergovernmental preparatory group, open to the participation of all States members of UNCTAD, responsible for proposing a set of basic principles concerning the conditions upon which vessels should be accepted on national registers, with a view to preparing documents for the holding of a United Nations conference of plenipotentiaries to consider the adoption of an international agreement". He was convinced that the debate had revealed a genuine wish on the part of every group to reach an acceptable solution and was therefore of the opinion that the preparatory group would be the appropriate forum for far-reaching, constructive and fruitful negotiations to meet the concerns of all regional groups, thus leading to a consensus and an internationally acceptable solution to the open-registry question. The preparatory group would be the appropriate forum for all parties to make their proposals with a view to harmonizing them. He therefore called on the Board to endorse resolution 43 (S-III).

408. The spokesman for the Group of 77, stating that he was speaking on behalf of all members of the Group of 77 with the exception of Liberia, expressed support for the statement just made by the Chairman of the Committee on Shipping. His Group fully supported the convening of the intergovernmental preparatory group in the first half of 1982 and was therefore ready to endorse resolution 43 (S-III).

409. The spokesman for Group D recalled that his Group had voted in favour of resolution 43 (S-III) because it considered that open registries had been a main factor in the disruption of the shipping market and the orderly development of the world merchant fleets. His Group continued to support that resolution and was convinced of the importance of convening the preparatory group.

410. The spokesman for Group B recalled that the vote on resolution 43 (S-III) had been controversial, and asked that his Group be granted more time to consider the subject.

^{28/} Official Records of the Trade and Development Board, Twenty-third Session, Supplement No. 3 (TD/B/855), provisionally circulated as document TD/B/C.4 (S-III)/Misc.2.

411. The spokesman for the **Group of 77** said that, at its third special session, the Committee on Shipping had pronounced itself clearly on the question of open registries and that resolution 43 (S-III) had set in motion the appropriate mechanism for dealing with the open-registry system, which was of deep concern to developing countries. The Group of 77 considered the convening of the intergovernmental preparatory group, in accordance with the terms of reference set out in that resolution, to be of the highest priority. It was the understanding of the Group of 77 that the preparatory group would be convened in the first half of 1982. He hoped that all groups would adopt a co-operative attitude that would allow a consensus to be achieved on this question.

412. The representative of Liberia recalled that his country had opposed adoption of resolution 43 (S-III) and said that he did not agree with the proposal to establish an intergovernmental preparatory group to consider the conditions of registration of vessels on national registers. His delegation had already explained its reasons for this stand in various forums. The proposal seemed to be redundant in the light of the ongoing deliberations in the Third United Nations Conference on the Law of the Sea, which had considered the conditions for the grant of nationality to ships. The efforts to solve the problem over the years had led to confrontation and unwarranted expenditures which could have been put to better use in helping developing countries in the development of their merchant fleets.

413. The representative of the **Union of Soviet Socialist Republics** said that his delegation supported the statement made by the spokesman for Group D and the recommendation of the Committee on Shipping to convene an intergovernmental preparatory group for preparing a draft convention on this question. He was surprised to hear the view expressed that the question of open registries was not important. He thought, on the contrary, that the problem of open registries had been at the centre of world shipping problems for many years. Many organizations and international bodies were concerned with different aspects of this problem, and there was not one aspect which did not have a negative impact on the harmonious conduct of international shipping. To restrict the unbridled growth of open registries had become a necessity. For these reasons the USSR supported the convening of a preparatory group for the purpose of drafting a convention on registration of vessels which would be in line with the much needed structural change in shipping.

414. At its 8th (closing) meeting, on 8 October 1981, the Sessional Committee, as a result of informal consultations, decided to recommend to the Board that it adopt the report of the Committee on Shipping on its third special session and that, consequently, the proposed intergovernmental preparatory group should be included in the calendar of meetings.

415. The spokesman for **Group B** said that the countries of his Group that were members of the Committee on Shipping much regretted that a vote had had to be taken at the third special session of the Committee on Shipping on that item which concerned open-registry fleets. The adoption of the report did not prejudice the position of Group B countries as reflected in the report of the Committee on Shipping and in the vote. He added, however, that he had been asked by one Group B country, the Federal Republic of Germany, to report that it was now in a position to indicate that it would have abstained on the vote.

416. The spokesman for **Group D** said that the Group D countries wished to reiterate their full support and agreement concerning resolution 43 (S-III). His Group thought that the intergovernmental preparatory group would play an important role in the preparation of an international convention on a set of basic principles concerning the conditions upon which vessels should be accepted on national shipping registers.

Consideration in plenary

Action by the Board

417. At its 565th meeting, on 9 October 1981, the Board, in taking note of the report of Sessional Committee I, adopted the report of the Committee on Shipping on its third special session 29/ and, in so doing, approved the inclusion in the calendar of meetings of a meeting of the Intergovernmental Preparatory Group on Conditions of Registration of Ships. 30/

418. The representative of Liberia said that his delegation regretted that it had had no alternative but to dissociate itself from resolution 43 (S-III) adopted by the Committee on Shipping. His delegation still felt that the resolution represented an intransigent and uncompromising attitude which could lead only to deadlock, confrontation and recrimination, to the disadvantage of all concerned, particularly the developing countries. It considered that the reports on which the resolution was based were nothing more than compilations of unreasonable opinions unsupported by evidence. The reports revealed a spirit of determined and aggressive hostility to freedom of commercial enterprise. The deadlock that had become so pronounced in these deliberations over the last three years could be broken only through a spirit of understanding, compromise and give-and-take on the part of all parties concerned. The time and effort expended on the issue of open-registry operations had no doubt detracted from other meaningful areas in the development of the maritime transport of developing countries, such as training, technical assistance and ship financing. The detailed steps laid out in Conference resolution 121 (V) had been neglected in favour of a fruitless witch-hunt. The Arusha Programme for Collective Self-Reliance and Framework for Negotiations had also been neglected. His delegation believed that the proposal to promulgate conditions for the registration of vessels under national flags were redundant in the light of the ongoing deliberations in the Third United Nations Conference on the Law of the Sea. Article 91 of the draft convention on the law of the sea stated that "Every State shall fix the conditions for the grant of its nationality to ships, for the registration of ships in its territory, and for the right to fly its flag. Ships have the nationality of the State whose flag they are entitled to fly. There must exist a genuine link between the State and the ship." His Government was surprised at the suggestion that UNCTAD should simply go ahead with an exercise dealing with the nationality and status of ships while another United Nations body was engaged in preparing exactly the same convention or treaty. The only result of such an administrative conflict would be to prevent any satisfactory international convention from being concluded in the first place, much less entering into force. It was for these and other reasons that the Liberian delegation had voted against resolution 43 (S-III). However, Liberia reluctantly accepted the convening of the Intergovernmental Preparatory Group, without prejudice to its position in respect of the resolution.

419. The spokesman for the Group of 77, referring to the statement just made by the representative of Liberia, drew attention to the statement made on this question by the spokesman for the Group of 77 in Sessional Committee I (see para. 411 above). At its third special session, the Committee on Shipping had pronounced itself clearly on the question of whether or not action on open registries was necessary. He reiterated the view of his Group that resolution 43 (S-III) had set in motion a practical mechanism for dealing with the open-registry system.

29/ Ibid.

30/ For the statement of financial implications, see annex IV below.

C. Transfer of technology

(Agenda item 9 (c))

Consideration in Sessional Committee I

420. The Chairman recalled that the Board, at its twenty-second session, had decided to consider further at its twenty-third session draft resolution TD/B(XXII)/SC/L.5, on legislation and regulations on technology transfer, which had been submitted by Mexico on behalf of the States members of the Group of 77. 31/

421. The spokesman for the Group of 77 stated that his Group regarded draft resolution TD/B(XXII)/SC/L.5 as a logical development that flowed from intergovernmental decisions unanimously adopted at UNCTAD V and at previous sessions of the Committee on Transfer of Technology. The draft resolution was also a follow-up to agreements reached in the Vienna Programme of Action on Science and Technology for Development. 32/ The main objective of the draft resolution was contained in operative paragraph 2, in which the Secretary-General of UNCTAD would be requested to complete a report containing concrete proposals on common approaches to legislation and regulations dealing with the transfer, application and development of technology in developing countries. This was an urgent necessity for the developing countries.

422. He recalled that the draft resolution had originally been submitted to the Committee on Transfer of Technology at its third session, then transmitted to the Trade and Development Board at its twenty-second session. On that occasion the Board had not been able to finalize the discussion on the draft and it had finally agreed to defer the matter for final action to its twenty-third session.

423. He expressed the view that the adoption of laws and regulations was a sovereign right of Governments of developing countries. The Secretary-General of UNCTAD could make a very important contribution to assisting those countries in the preparation of laws and regulations on technology transfer. The Group of 77 assigned great urgency and importance to this subject. He recalled that in a recent Workshop organized in Kuwait by the UNCTAD secretariat the participants had stressed the need for UNCTAD to provide such assistance.

424. Finally, he thanked Group D and China for their support for the draft resolution. He hoped that Group B would show flexibility in the discussion on this subject during the current session of the Board.

425. The spokesman for Group B stated that the position of his Group on the draft resolution under discussion had not changed. As stated by the spokesman for his Group at the third session of the Committee on Transfer of Technology and at the twenty-second session of the Board, there was a need to make comparative studies on the effects of technology transfer legislation and regulations in selected countries, including the least developed countries. In the preparation of these studies the secretariat should consider the situation of countries at different levels of development, of countries which had changed their legislation, and of countries without legislation and regulations on technology transfer.

31/ See part one above, para. 280.

32/ Report of the United Nations Conference on Science and Technology for Development, Vienna, 20-31 August 1979 (United Nations publication, Sales No. E.79.I.21), chap. VII.

Group B had difficulties particularly with operative paragraph 2 of the draft resolution, in which the Secretary-General of UNCTAD would be invited to complete a report containing concrete proposals on common approaches. Since the effects of such legislation and regulations were not well known, it was difficult to ask the secretariat to make concrete proposals on the formulation of such legislation and regulations.

426. The spokesman for Group D expressed the support of his Group for the draft resolution. His Group felt that such legislation and regulations could help the developing countries to improve their position in international trade and to overcome their technological dependence. The Group D countries supported all the just aspirations of the developing countries in this area and were ready to share their own experience and to co-operate with the developing countries.

427. The representative of China said that, as on earlier occasions, China supported the draft resolution. China regarded national laws and regulations on technology transfer as very important for raising the level of science and technology in the developing countries. The Secretary-General of UNCTAD should be invited to make a deeper study that would include proposals for helping the developing countries.

428. The spokesman for the Group of 77 said he was disappointed to find that the Group B countries had not moved from the position they had taken at the twenty-second session of the Board. At that session the Group of 77, in a spirit of co-operation, had agreed that the Board should consider further the draft resolution at its current session in the hope that Group B could adopt a new approach to the subject. The question of why the Group of 77 had not requested comparative studies had already been discussed. He pointed out that the arguments involved were not relevant to the discussion on the draft resolution. He therefore appealed for co-operation in reaching a consensus on the draft.

429. The representative of the United Arab Emirates expressed his full support for the position of the Group of 77. He felt that Group B had perhaps misunderstood the intention of the draft resolution under discussion. Conference resolution 112 (V) had concentrated on strengthening the technological capacity of the developing countries. The draft resolution was in that line. In his view, the essence of the draft resolution was that a report containing concrete proposals on common approaches to legislation and regulations should be prepared as soon as possible.

430. The spokesman for Group B, responding to the observations made by the spokesman for the Group of 77, said that the Group B countries recognized that national policies on the development of technology were important and that national laws and regulations for the transfer and development of technology might be an important means of strengthening the scientific and technological capacity of all countries, particularly the developing countries. Operative paragraph 1 of the draft resolution was not a major problem for Group B, and it would probably not be too difficult to arrive at compromise language for operative paragraph 3. The main difficulties were in operative paragraph 2, on the key question of a report containing concrete proposals. His Group was willing to work towards a consensus and to negotiate in that direction.

431. At the 5th meeting of Sessional Committee I, on 2 October 1981, the spokesman for Group B introduced, on behalf of the States members of Group B, draft resolution TD/B(XXIII)/SC.I/L.2.

432. Referring to the draft resolution which had been submitted by the Group of 77 at the twenty-second session of the Board (TD/B(XXII)SC/L.5), he recalled that Group B had difficulties with its operative paragraph 2, in which the Secretary-General of UNCTAD would be invited to complete a report containing concrete proposals on common approaches to legislation and regulations dealing with transfer, application and development of technology in developing countries. The position of Group B on this question was well known. Nevertheless, he hoped that a compromise could be reached on the basis of the draft resolution of his Group and that of the Group of 77.

433. At its 7th meeting, on 5 October 1981, the Sessional Committee decided to refer draft resolution TD/B(XXII)/SC/L.5 and draft resolution TD/B(XXIII)/SC.I/L.2. to the Chairman's contact group.

434. At the 8th (closing) meeting, on 8 October 1981, the Chairman reported that it had not been possible to obtain positive, concrete results on this sub-item in the contact group and proposed that the two draft resolutions should be referred to the plenary through the President's contact group.

435. The spokesman for the Group of 77 said that his Group had done its best to reach a compromise, but since that had so far not proved possible, he fully supported the proposal made by the Chairman.

436. The spokesman for Group B said that his Group had also made considerable efforts to reach a compromise solution.

437. The Sessional Committee agreed to refer the two draft resolutions to the plenary through the contact group of the President.

Consideration in plenary

438. At the 565th meeting, on 9 October 1981, the President reported that no agreement on the two draft resolutions had been reached in the contact group and that accordingly it would be necessary for the Board to proceed to a vote. Pursuant to rule 56 of the rules of procedure, the Board would first vote on draft resolution TD/B(XXII)/SC/L.5.

Action by the Board

439. At the same meeting, the Board adopted draft resolution TD/B(XXII)/SC/L.5 by a roll-call vote of 75 votes to 16, with 9 abstentions 33/ (for the text, see annex I below, resolution 240 (XXIII)).

33/ The result of the vote was as follows:

In favour: Afghanistan, Algeria, Angola, Argentina, Bangladesh, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Central African Republic, Chile, China, Colombia, Cuba, Czechoslovakia, Democratic People's Republic of Korea, Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, Gabon, German Democratic Republic, Ghana, Grenada, Guatemala, Hungary, India, Indonesia, Iran, Iraq, Jamaica, Jordan, Kenya, Kuwait, Lebanon, Liberia, Libyan Arab Jamahiriya, Madagascar, Malaysia, Malta, Mexico, Mongolia, Morocco, Nicaragua,

440. After the vote, the spokesman for Group B said that his Group was withdrawing draft resolution TD/B(XXIII)/SC.I/L.2. However, it regretted that, despite their willingness at the current session, as on earlier occasions, to seek a consensus solution, attempts had not been continued to reach agreement on this issue by negotiation, and that draft resolution TD/B(XXII)/SC/L.5 had been put to a vote. Such an outcome could not fail to damage a body like UNCTAD, which could fulfil its role satisfactorily only on the basis of consensus, particularly in areas where co-operation between developed and developing countries was essential. It might also have an adverse effect on renewed prospects for concluding negotiations on an international code of conduct on the transfer of technology.

441. Referring to the fact that the resolution just adopted called on the Secretary-General of UNCTAD to avail himself of expert advice from developing countries only, he said that, in the view of Group B, this constituted a departure from the principle of universality. It would also deny developing countries the benefit of expertise available from developed countries.

442. He said that the Group B countries recognized that strengthening the technological capacity of the developing countries was essential to their economic development; they were prepared to lend their full support to such efforts. They recognized, too, the importance of appropriate technology policies. Group B believed that it was valuable for countries, in determining policies appropriate to their individual needs and circumstances, to have comprehensive information on the policies followed by others and a full analysis of the effects of such policies. It was in that spirit that Group B had supported Conference resolution 112 (V), which had been adopted by consensus at Manila - in particular the request addressed to the Secretary-General of UNCTAD in paragraph 26 (a) of that resolution. In the view of Group B this important preparatory analysis had not been completed. In the circumstances, he felt it was premature to initiate work on policy recommendations.

443. The representative of Canada stated that the reasons for which his delegation had voted against draft resolution TD/B(XXII)/SC/L.5 were explained in the statement just made by the spokesman for Group B.

444. The spokesman for the Group of 77 said that the main thrust of the resolution just adopted was relatively simple, despite its long intensive history. The Committee on Transfer of Technology, in its resolution 6 (II), paragraph 8 (b), had already agreed to the provision of assistance to the developing countries in "the formulation of an integrated set of policies, laws, regulations and procedures".

In favour: Nigeria, Oman, Pakistan, Peru, Philippines, Poland, Qatar,
(continued) Republic of Korea, Romania, Saudi Arabia, Senegal, Singapore, Somalia,
Sri Lanka, Sudan, Syrian Arab Republic, Thailand, Trinidad and Tobago,
Tunisia, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist
Republics, United Arab Emirates, United Republic of Tanzania, Uruguay,
Venezuela, Viet Nam, Yugoslavia, Zaire.

Against: Austria, Belgium, Canada, Denmark, France, Germany, Federal Republic of,
Greece, Ireland, Italy, Japan, Luxembourg, Netherlands, Sweden,
Switzerland, United Kingdom of Great Britain and Northern Ireland,
United States of America.

Abstaining: Australia, Finland, Israel, Liechtenstein, New Zealand, Norway,
Portugal, Spain, Turkey.

In resolution 112 (V), paragraph 11 (b), the Conference had agreed that, in order to supplement their efforts at the national level, the developing countries should initiate or strengthen co-operative measures for "the harmonization of their policies, rules, regulations, laws and practices governing technology in all its aspects". The Vienna Programme of Action on Science and Technology for Development, in paragraph 21 (d), reinforced these agreements in UNCTAD.

445. In the view of the Group of 77, the adoption of national laws and regulations on transfer and development of technology was an urgent necessity. More than 100 countries members of the Group of 77 were without national legislation and regulations on technology transfer. The scientific and technological infrastructure of most of those countries, but particularly of the least developed among them, was very weak. Fully aware of these considerations, the Group of 77 had submitted a draft resolution (TD/B/C.6/L.26) to the Committee on Transfer of Technology at its third session, in November 1980, which invited the Secretary-General of UNCTAD "to complete as soon as possible a report containing **concrete** proposals on common approaches to legislation and regulations dealing with the transfer, application and development of technology in the developing countries" (para. 3). ^{34/} That draft resolution had been supported by Group D and China. The discussions in the Committee on the draft resolution had been long. Instead of recognizing that the urgent assistance requested by the developing countries should be provided forthwith, Group B had proposed amendments which required preparing complicated and unnecessary studies to determine whether laws and regulations on technology were called for or not. At the twenty-second session of the Board, Group B had shown no flexibility in resolving the outstanding issue. In a spirit of compromise, the Group of 77 had accepted that its draft resolution be referred to the Board at its twenty-third session for its final consideration and adoption.

446. He reiterated the firm view of the Group of 77 that the adoption of legislation and regulations on technology transfer was solely a matter for decision by the sovereign Governments of the countries concerned. The Group of 77 did not feel that there was any need to request further studies in this resolution, since paragraph 26 of Conference resolution 112 (V), to which Group B appeared to attach great importance, already contained such a request. The Group of 77 had done its best and had explored all possible alternatives and compromises. However, the fundamental amendments proposed by Group B changed the basic features of the draft resolution and indicated that Group B was not prepared to move to a consensus, much to the regret of the Group of 77. He emphasized that the right of the developing countries to adopt such laws and policies on technology as they considered necessary could not be contested by **anyone**. It was with this conviction in mind that the draft resolution requested the Secretary-General of UNCTAD to complete, as soon as possible, a report containing concrete proposals on common approaches to such laws and regulations, which the developing countries could use for formulating their legislation and regulations. The Group of 77 had very much hoped that an agreement would be reached on the merits of the draft resolution, but it had been disappointed by the **un-co-operative attitude shown by Group B**. The Group of 77 had therefore had no alternative but to propose that the draft resolution be put to a roll-call vote. His Group regretted that it had had to resort to calling for such a vote, but it considered that the matter involved the fundamental principles of the sovereign right of the developing countries to adopt the type of laws and regulations that they considered necessary and of the responsibility of an organization such as UNCTAD to render concrete assistance to those countries in formulating such laws and regulations.

^{34/} See Official Records of the Trade and Development Board, Twenty-second Session, Supplement No. 5 (TD/B/836), provisionally circulated as document TD/B/C.6(III)/Misc.4, annex II.

CHAPTER V

SIXTH SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT: PLACE, DATE AND DURATION.

(Agenda item 6)

447. At the 564th meeting, on 8 October 1981, the President recalled that the Board had decided to defer consideration of this item to allow him to undertake unofficial contacts with a view to achieving a solution acceptable to all. He thanked the Board for placing its trust in him. He now was in possession of some elements for a draft resolution, which had been submitted to him by the Latin American Group and had been approved by the African Group in so far as it related to it. The Contact Group, as well as the Bureau, had also given their approval.

448. Before placing this draft decision before the Board, however, he wished to say an introductory word regarding the nature of the unofficial contacts he had undertaken, in order to explain the background to the preparation of the draft resolution.

449. From the moment of his election as President he had contacted all the parties concerned regarding this agenda item. He had exchanged views with the Secretary-General of UNCTAD, the Group co-ordinators and the representatives of those countries he considered were especially concerned with the matter. He wished to record with appreciation the fact that all those he had contacted had indicated their awareness of the matter in its various aspects, and had expressed their strong desire to find a solution to the substance of the item, with a view to enhancing UNCTAD as an efficient international organization working for the achievement of the objectives for which it had been established. There had been no difficulty in reaching unanimous agreement on two basic principles, which were the foundations of the draft resolution, and if they were not taken into consideration, the draft resolution would be incomplete.

450. The first principle was the legal right of any State member of the United Nations to host a United Nations conference such as UNCTAD, and that no State shall be denied this right. In this regard, each State may act in accordance with its own free will.

451. The second principle was that it was essential to preserve UNCTAD's universality and world-wide character. All States members of the Organization should be given an equal chance to take part in its activities.

452. Having agreed on these two principles, the co-ordinator of the Latin American Group had informed him that his Group had decided that UNCTAD VII should be hosted by a Latin American country and would wish UNCTAD VI to be held in one of the African capitals. The co-ordinator of the Latin American Group had also informed him that none of the members of that Group objected to this decision and had asked him to announce this to the Board. The President added that he had expressed on that occasion his appreciation and respect to the Latin American Group for taking this stand, which was an example of the Group's well-known solidarity and highlighted the vision, the earnestness and the responsibility characterizing the decision reached.

453. The President said that he had then contacted the co-ordinator of the African Group to inform him of the Latin American Group's wish that UNCTAD VI be held in a country member of the African Group. He had been informed that the African Group welcomed in principle this idea, bearing in mind that it represented the desire of the Latin American Group, but that to bring it to practical fruition would require contacts to ensure that the necessary arrangements could be made to hold UNCTAD VI in Africa. Therefore, it had been agreed with the African Group to defer the designation of the capital where UNCTAD VI would be held until the second part of the twenty-third session, to enable the authorities concerned to examine the practical problems connected with the holding of the Conference in a given capital.

454. At a later stage, the representative of Cuba had contacted him and informed him of the decision taken by the Latin American Group, adding that his Government wished to host UNCTAD VII. The President said that he had taken note with interest of that wish, because it was the right of any State to wish to host the Conference and because he believed that such a wish, irrespective of the State from which it came, deserved to be taken into consideration with interest, since it testified to that State's interest in UNCTAD as an organization. He had, however, explained to the representative of Cuba that, in spite of his own appreciation of such a wish to host the Conference, the current session was not the occasion for deciding what capital should be the venue of UNCTAD VII, and that the final decision should, of course, be taken at the right time and in the right place.

455. The President then read out the text of a draft decision on agenda item 6 and suggested that it be adopted unanimously.

Action by the Board

456. At the same meeting (564th), the Board adopted the draft decision proposed by the President (for the text, see annex I below, decision 237 (XXIII)). 35/

457. The President stated that the credit for reaching this decision just taken was due to all the parties with which he had been in contact. Without their co-operation and insight the decision could not have been reached, and he therefore extended his thanks to all of them. While he had mentioned with appreciation the role played by the Latin American Group, the picture would remain incomplete without a special reference to the co-operation and understanding shown by the representative of Cuba, who had given an example of how his views were always based on the belief that the interests of member States did converge in the long run; that viewing matters with a degree of logic and tranquillity would ensure the attainment of the common interest of all; and that keeping to the principles and the goals sought by UNCTAD would in the end eliminate the difficulties that were encountered. He expressed his personal thanks to the representative of Cuba and, through him to his Government, for his co-operation.

35/ The draft decision was circulated during the session under the symbol TD/B/875.

458. The representative of Cuba stated that his country rejected the arrogant pretension of the United States that it could dictate unilaterally which countries might or might not be the venue for international meetings such as UNCTAD VI. The evolution of the process for the designation of the venue for UNCTAD VI had proved that no country of the Group of 77 had yielded to the United States' manoeuvres and blackmail. Cuba, as was well known, had been willing to subject itself to the verdict of the ballot box. However, it had not wished to insist on this, its legitimate response to the United States aggression, if it would help to establish a negative precedent for the future work of the Organization. It preferred therefore, to let the United States assume the responsibility for its overbearing insolence and be judged by the international community for its unacceptable behaviour.

459. His country, therefore, had agreed to accept the draft decision submitted by the President, as a result of the full support it had received from many countries. Consequently, after having obtained the agreement of the Latin American Group, Cuba had expressed its acceptance of the negotiated formula whereby UNCTAD VI, instead of being held in Latin America, would be held in an African country, and UNCTAD VII would be held in Latin America. In the preparations for UNCTAD VII, when choosing the venue, preference must be given to the Cuban offer to host that Conference, an offer which he now explicitly reiterated.

460. The President stated, after hearing the position of the Cuban Government, that he would wish to add to his previous explanation that the representative of the United States had been among the representatives he had contacted. He felt it his duty to state that he had not felt for a moment that the United States representative had tried to impose any opinions. On the contrary, he had been among the first to agree, without hesitation, on the first principle that all had agreed upon, namely, that every State Member of the United Nations had the right to host a United Nations conference such as UNCTAD.

CHAPTER VI

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

(Agenda item 7)

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

Consideration in Sessional Committee II

462. In an introductory statement the representative of the Secretary-General of UNCTAD said that, to facilitate the consideration of this agenda item, the secretariat had prepared a number of documents relating to various aspects of the trade flows dealt with under the item.

463. An account of the latest developments in trade among the different groups of countries was given in the "Review of trends and policies in trade between countries having different economic and social systems" 36/, supported by the statistical review in an addendum to that document. The Trade and Development Report, 1981 37/ also provided useful information on such trade flows. These documents showed that the total trade of the socialist countries of Eastern Groups as a group had increased in 1980 by 14.2 per cent, which represented a higher growth rate than in 1979 and 1978. Their trade had been particularly dynamic with the developing countries, increasing in 1980 by 33.7 per cent compared with 1979, a much faster rate than that of their trade with the developed market-economy countries (14.4 per cent) and of trade among themselves (9.9 per cent). The five-year period 1976-1980 as a whole had witnessed the same trend - the trade of the socialist countries of Eastern Europe with developing countries had risen by 127.1 per cent, whereas their trade with the developed market-economy countries had increased by 89.4 per cent and trade among themselves by 81.6 per cent.

464. He noted that in trade between the developing countries and socialist countries of Eastern Europe, in contrast to the trend prevailing during the past five years, imports from developing countries had increased much faster than the socialist countries' exports to them. The implementation of various agreements signed during the last few years was expected to give a further impetus to the development of trade and economic co-operation between the developing and socialist countries.

465. In 1980, trade between the socialist countries of Eastern Europe and the developed market-economy countries had been characterized by more rapid growth in the socialist countries' exports and a somewhat slower increase in their imports. As a result, the socialist countries of Eastern Europe as a group had improved their trade balance with the developed market-economy countries, but the trade deficits accumulated over recent years continued to be a subject of concern for some socialist countries of Eastern Europe, and, in order to improve the situation, they were pursuing the policy of accelerating the expansion of their exports to the West. As in previous years, the rise in the value of exports and imports had been influenced by price increases, but there had also been an increase in the volume of East-West trade. The commodity pattern of East-West trade had not changed significantly over the recent period, though there has been marginal shifts in the composition of specific trade flows in both directions.

36/ Official Records of the Trade and Development Board, Twenty-third Session, Annexes, agenda item 7, document TD/B/859.

37/ United Nations publication, Sales No. E.81.II.D.9. See also para. 31 above.

466. In addition, he drew attention to a number of other documents submitted by the UNCTAD secretariat in which in-depth analysis was given of the experience of individual socialist countries and developing countries in trade among countries having different economic and social systems and of the prospects existing in that area (TD/B/856 and Corr.1, TD/B/857 and Corr.1 and TD/B/858). These studies represented a continuation of the series of documents prepared by the secretariat for earlier Board sessions.

467. He referred to resolution 220 (XXI) of the Trade and Development Board in which the Board decided to continue at its twenty-third session, its consideration of the provisions of the resolution on the basis of the text annexed to it. He also mentioned that, as in previous years, the UNCTAD secretariat would be providing substantive and organizational assistance to countries interested in holding bilateral or multilateral consultations within the consultative machinery established in UNCTAD for that purpose (see paras. 502-507 below).

468. With regard to the technical assistance activities of the UNCTAD secretariat for the development of trade between developing countries and socialist countries of Eastern Europe, he referred to the implementation of the UNDP/UNCTAD comprehensive programme in that field at the interregional, regional and national levels. During 1981 the secretariat had organized an interregional workshop during the Leipzig Fair and a seminar for the African countries; an interregional workshop would also be held in October in Moscow. Practical information and advisory services were provided at the request of interested developing countries, and progress was being made in intensifying co-operation with the United Nations regional commissions and specialized agencies under the programme.

469. The representatives of a number of countries from various regional groups underlined the interest taken by their respective groups in trade among countries having different economic and social systems and the importance they attached to the consideration of such trade with a view to its further expansion. They stressed the important role played by UNCTAD in promoting and facilitating the adoption by member countries of measures and actions designed for the further development of trade relations among countries having different economic and social systems. They expressed their readiness to consider in a constructive spirit the draft resolution before the Board, on the basis, as appropriate, of the text worked out at the twenty-first session. The representatives of many countries commented favourably on the documentation submitted by the secretariat to the current session, which facilitated the consideration of problems pertaining to trade among countries having different economic and social systems.

470. The representative of Turkey said that, in the documents prepared by the UNCTAD secretariat in relation to agenda item 7, the classification of countries by their level of development should be aligned with and made parallel to that used in other documents of UNCTAD and in documents of other United Nations bodies, and should be in keeping with universally recognized criteria.

471. The representatives of many countries members of the Group of 77, noting the importance they attached to the consideration in UNCTAD of trade among countries having different economic and social systems, described their recent experiences in trade and economic co-operation with the socialist countries of Eastern Europe. They pointed to the high rates of growth of trade with those countries, despite

the current world economic situation, which were noteworthy by comparison with those in trade between other regions of the world. They noted the positive developments not only in trade between their countries and the socialist countries of Eastern Europe but also in the field of economic co-operation, which in its turn had a strong trade-creating effect. Trade and economic co-operation with the socialist countries of Eastern Europe had been beneficial for their countries; in particular, it had had a stimulating effect on the economic development of many of the developing countries, and especially on their industrial growth, since many capital goods could be obtained from the socialist countries of Eastern Europe on credit terms. They noted that the potential for this trade was by no means exhausted and expressed the belief that there were vast perspectives for its further growth. They considered that the adoption by the Board at its current session of a resolution on trade among countries having different economic and social systems would contribute to the further development of such trade, and expressed the hope that all countries would co-operate to that end in a constructive manner so that the progress achieved in that respect at the twenty-first session of the Board would result in the adoption of a new resolution.

472. The representative of a developing country, commenting on the documentation prepared by the secretariat, expressed the opinion that some aspects of trade and economic relations between developing countries and countries with different economic and social systems could be discussed in more detail. He particularly requested the secretariat to undertake detailed studies on payments modalities and legal instruments in trade and economic relations between developing countries and the socialist countries of Eastern Europe.

473. The representative of another developing country suggested that the secretariat, when analysing trade and economic co-operation between the socialist countries of Eastern Europe and developing countries in its future studies, should take into consideration the fact that among the latter there were countries with market economies and others with centrally planned economic systems.

474. The representative of a developing country expressed her appreciation for the study on her country's trade and economic relations with the socialist countries of Eastern Europe (TD/B/S.56 and Corr.1). As stated in that document, there was an institutional and legal basis for such relations established between her country and the socialist countries, but it was not fully utilized for the further development of trade with them. Her Government was willing to continue and increase the economic and commercial links already existing with the socialist countries. With regard to economic co-operation, she mentioned the priority given by her country to the Olmos irrigation project to be carried out with the collaboration of the USSR.

475. The representative of another developing country stated that his country had taken measures to establish trade relations with the socialist countries of Eastern Europe, and that, since the foreign policy statement of 25 June 1975, his country had been open to bilateral negotiations with those countries. No restrictions were imposed on its trade with them. He further noted that, in compliance with the foreign policy statement, his country was ready to enter into economic relations with the socialist countries of Eastern Europe, and to respond positively to all co-operative steps that might be proposed by those countries.

476. The representative of a developing country said that his country had signed intergovernmental agreements on trade, payments, economic, scientific and technological co-operation with all socialist countries in order to promote stable and increased trade relations with them. His country believed that it was necessary to provide comprehensive and detailed information on the ways and means instituted by the socialist countries to speed up foreign trade. He explained his country's foreign trade policy and practices, which favoured international trade without discrimination, as well as the importance it attached to economic co-operation for promoting development, and the role of the private sector in its economy and foreign trade. He emphasized in that context the need to increase and diversify trade with the socialist countries, especially with the participation of the private sector, and also stressed the importance of obtaining appropriate information on the goods offered by the socialist countries and on the after-sales services provided. Lastly, he thanked the secretariat for organizing bilateral consultations, in which his country had participated.

477. The representative of another developing country described the experience of his country in trade and economic co-operation with the socialist countries of Eastern Europe over the last 20 years, noting the highly beneficial character of this trade and co-operation. Through its imports from the socialist countries, his country obtained on credit terms many of the industrial goods it needed for sustained economic development. The assistance it received from them in training personnel had also contributed to that end. He emphasized that economic co-operation with the socialist countries of Eastern Europe made for the continuous growth of trade with them.

478. The representative of another developing country said he believed that the growth of trade between the developing countries and socialist countries of Eastern Europe would be enhanced if the developing countries could be made more aware of the potential markets in the socialist countries of Eastern Europe for their exports, in their quest to diversify their export trade. He therefore requested the secretariat to include in its future studies information on the market potential of the socialist countries for the developing countries' exports. Commenting on the documentation submitted by the secretariat, he expressed the appreciation of his delegation that the countries of South-East Asia, the region to which his country belonged, were the subject of one of the studies before the Board (TD/B/857 and Corr.1).

479. The representative of a developing country stated that clearing agreements with the socialist countries of Eastern Europe enabled his country to obtain the goods and technical assistance it needed for its economy from those countries. He noted with satisfaction that the exports of his country to the socialist countries of Eastern Europe, which had initially made up one third of its imports therefrom, had increased 2.2 times between 1977 and 1979 and had gradually become balanced. He hoped that his country, which was trying to establish industries and process raw materials, would be able to export manufactured and semi-processed goods to the socialist countries. In that regard, he referred to the statement made by a socialist country concerning the purchase of such products from the developing countries, and hoped that the socialist countries would continue to pursue that policy.

480. He commended the documents that had been submitted by one of the socialist countries of Eastern Europe to the United Nations Conference on the Least Developed Countries (A/CONF.104/17), and hoped that the other socialist countries would also take into consideration the needs of the least developed countries and provide suitable opportunities for the expansion of trade with them.

481. He expressed the hope that the bilateral consultations would provide an impetus for extensive trade and economic co-operation between his country and the socialist countries, and said that his delegation was ready to enter into a suitable tripartite co-operation arrangement.

482. The representative of another developing country said that his country's trade with the socialist countries of Eastern Europe represented an example of balanced trade. He suggested that economic co-operation between developing countries and socialist countries of Eastern Europe should be supplemented by more efforts aimed at the joint production of various goods. The agreements concluded between the partners from the two groups should take the national plans of the countries concerned fully into account, particularly in the case of payments arrangements. He also suggested that more resources should be allocated by the socialist countries of Eastern Europe for the purpose of technical co-operation with his own country.

483. The spokesman for Group B stated that the countries of her Group shared the importance attached by other groups to the agenda item under consideration. In the view of her Group, the primary purpose of UNCTAD was to deal with trade and other related questions in so far as they affected the development of developing countries. A part of the developing countries' trade involved different social and economic systems. That particular flow of trade had special features and presented specific problems, and Sessional Committee II, which was probably the only forum within the United Nations system where such problems were specifically considered, was called upon to examine them and attempt to resolve them as far as possible, and should devote all its time to that task. She noted that trade between the socialist countries of Eastern Europe and developing countries had grown in recent years, but said its share of world trade was still modest and further action was needed to make such trade more balanced and to diversify its structure and geographical base. She expressed the opinion that the level of the contribution by the socialist countries of Eastern Europe to economic co-operation with developing countries, particularly as official development assistance, was low, and referred in that respect to table 20 of the Trade and Development Report, 1981.

484. With regard to the problems of East-West trade, she said that the countries of Group B disagreed with certain statements on the subject made by representatives of Group D countries but did not intend to enter into a debate on these matters. Her Group maintained that Sessional Committee II was not the appropriate forum for the discussion of trade between the socialist countries and developed market-economy countries, as East-West problems were considered in the Economic Commission for Europe. She expressed the hope that a resolution acceptable to all countries would be adopted at the current session of the Board.

485. The representatives of the socialist countries of Eastern Europe members of Group D stated that they attached great importance to their trade with developing countries and developed market-economy countries and were interested in the further development of such trade on a long-term and mutually advantageous basis. They

described the developments that had taken place since the twenty-first session of the Board in their countries' trade and economic co-operation with the developing countries, noting that there had been a high rate of growth in such trade, particularly with regard to imports from developing countries of traditional goods, as well as of manufactures and semi-manufactures. There had also been a considerable increase in the socialist countries' exports to the developing countries, particularly of the capital goods needed for the economic development of those countries, which were provided on credit terms. They stressed that trade with the developing countries was supplemented by various forms of economic co-operation which had a strong trade-creating effect. They noted the positive role played in economic relations with developing countries by a wide set of intergovernmental trade and/or economic co-operation agreements and programmes, as well as by established institutional mechanisms, including mixed commissions, and also noted that there was a great potential for the further growth of that flow of trade.

486. They drew attention to the progress achieved in East-West trade, which had been growing at a high rate in recent years, as well as in industrial and technological co-operation between the parties to such trade. Progress was facilitated by the intergovernmental agreements and programmes concluded between individual countries in the two groups. East-West trade had also been positively influenced by the success of the policy of détente in the 1970s, and particularly by the results of the Conference on Security and Co-operation in Europe.

487. At the same time, they noted with concern that, on the threshold of the 1980s, certain factors were impeding the development of East-West trade, particularly the attempts of aggressive circles in Western countries to embark upon a new stage in the arms race, as well as protectionist measures and the policy of boycotts and embargo practised by some developed market-economy countries with regard to the socialist countries of Eastern Europe. They stressed that such factors not only affected East-West trade but also had a detrimental effect on world trade as a whole, and especially on the trade of the developing countries, as all international trade flows, including those pertaining to trade among countries having different economic and social systems, were closely interrelated and any development in one of them inevitably influenced the others. They pointed to particular areas, including trade in agricultural products and textiles, where protectionist measures taken by various developed market-economy countries in recent years, notably the European Economic Community, had adversely affected not only the interests of the socialist countries of Eastern Europe but also those of the developing countries. With that in mind, they underlined that trade among countries with different economic and social systems should be considered in its entirety. It should encompass all trade flows, namely, East-West trade and trade between developing countries and socialist countries of Eastern Europe, as had been the case so far, and as provided for in General Assembly resolution 1995 (XIX), Conference resolutions 15 (II), 53 (III) and 95 (IV) and Board resolution 220 (XXI). By the same token, the proposed resolution to be discussed in the Committee on the basis of the informal text worked out at the twenty-first session of the Board should include provisions relating to all flows of trade among countries having different economic and social systems. The adoption of such a resolution would contribute to the solution of a number of practical problems faced by the partners in such trade.

488. The representative of the German Democratic Republic, speaking of his country's trade with the developed market-economy countries, noted that it had been growing steadily, particularly in cases where the partners involved were guided by the principle of equal rights, mutual advantage and non-interference in the internal affairs of States. However, not all possibilities in that area had been exhausted. A framework for further expansion existed, particularly in the shape of intergovernmental agreements on trade and/or economic, industrial and technical co-operation, which had already been concluded with 21 developed market-economy countries, as well as through the application of the compensation principle in trade. The expansion of such trade was nevertheless hampered by the obstacles erected against it by certain developed market-economy countries, including protectionist measures, the denial of most-favoured-nation treatment and discriminatory practices. It was necessary to continue to work for the removal of such obstacles and to keep such practices under constant investigation and analysis within the framework of UNCTAD with a view to suggesting suitable solutions.

489. An organic element of his country's policy was the furtherance of trade and economic co-operation with the developing countries, as well as support for these countries in the struggle to establish a new international economic order on the basis of equality. He noted that, in 1970-1979, his country's trade with the developing countries had grown 3.3 times, on the basis of about 200 agreements concluded with them in that period. Altogether, the number of developing countries with which intergovernmental agreements had been concluded had risen to 61 in the current year, from 25 in 1970. The agreements encompassed not only trade but also other areas of economic co-operation on a long-term basis, in particular industrial, scientific and technological co-operation. Over 650 complete projects had been implemented in developing countries with the participation of his country. He noted the increasing role played by intergovernmental mixed commissions in co-operation with the developing countries. Referring to the documentation prepared by the UNCTAD secretariat, he particularly commended the study on his country's trade (TD/B/C.9C).

490. The representative of another socialist country of Eastern Europe stated that his country's trade with countries having different systems had expanded rapidly in 1980 and the first part of 1981 as a reflection of its policy of developing mutually advantageous international co-operation which promoted peace and détente and fostered the prosperity of all nations. Nevertheless, the results achieved in that area could have been more impressive if it were not for the deterioration of the international political climate on the threshold of the 1980s owing to the actions of some aggressive circles trying, inter alia, to introduce a new stage in the arms race.

491. The economic crisis in the developed market-economy countries, the enforcement of protectionist tendencies and discriminatory practices by some developed market-economy countries and the efforts to establish embargoes and boycotts were also hindering the development of trade among countries having different economic and social systems. On the other side, the positive results that had been achieved could be attributed to the interest of the partners from different groups in increasing mutual trade as a product of the Helsinki agreements. He said that in 1980 his country's trade with the West had grown almost 25 per cent, although the actual performance had varied from country to country. He noted the achievements

of his country in pursuing economic co-operation with the developed market-economy countries and in particular the possibilities existing in that field, the realization of which could give a considerable impetus to East-West trade. The successful growth of such trade was, however, subject to the creation of a more favourable environment in relations between the two groups of countries.

492. The recent Congress of the Communist Party in his country had stated that it was necessary to promote the further development of trade and economic co-operation with the developing countries. He noted the rapid expansion of trade between his country and those countries in 1980, particularly in imports therefrom. His country paid particular attention to the problems of the least developed countries, and its trade with them had grown more rapidly than with other developing countries in the last decade. About 200 projects had been established in the least developed countries with the assistance of his country and more than 200 were under construction in key economic sectors. The repayment of credits extended to those countries in the course of such co-operation usually took the form of deliveries of traditional goods or of the products of enterprises set up with his country's assistance. In 1981-1985, the volume of his country's economic and technical co-operation with the least developed countries would increase more than twofold and would grow further up to 1990, while the trade turnover would continue to increase at an average annual rate in the 1980s of 8-9 per cent. He noted the continual expansion of trade with other developing countries, which, in most cases, was based on intergovernmental agreements. Nevertheless, possibilities existed for the further expansion of trade and other forms of economic co-operation with the developing countries, particularly through the broadening of the geographical base, greater exports of capital goods to those countries and the adoption of measures aimed at increasing imports from them through assistance in the rational use of their natural resources, training of personnel, etc.

493. The representative of another socialist country of Eastern Europe said that his country was currently facing serious economic difficulties but that it was the policy of the country to overcome them. Within the framework of the economic reforms that were being implemented, an important role was foreseen for the further development of economic co-operation with third countries, including the developing countries. His country was interested in concluding long-term import contracts with the developing countries, aimed at stabilization of the volume of trade and prices in selected commodities as well as broader economic co-operation through the joint establishment of complex projects and other ventures in various branches of the developing countries' economies.

494. Speaking on the question of trade with the developed market-economy countries he said that it was his country's intention to further such trade. The temporary reduction of imports from those countries was due to the current balance-of-payments situation, and the reversal of the present trend depended entirely on whether his country could step up its exports. In that context, he pointed out that his country supported all measures, whether bilateral or multilateral, that might help to facilitate the access of its exports to Western markets. He thought that the UNCTAD secretariat should devote more attention in its documentation to the negative effects of the protectionist measures, including those of a discriminatory nature, applied by some of the developed market-economy countries. In conclusion, he underlined the importance of a policy of détente and disarmament for the further development of trade among countries with different economic and social systems.

495. The representative of another socialist country of Eastern Europe noted that his country's trade with the developing countries in 1980 had been particularly dynamic, with exports to those countries increasing by 15 per cent and imports therefrom by 12 per cent. The imports had been diversified to cover new finished goods, including engineering products. To improve the access of those countries' exports to his country, the latter had taken a number of measures, including the reduction by 50 per cent in 1978 of the already low tariffs on goods from developing countries and the abolition of all tariffs for the least developed countries. Currently, his country was trading with more than 100 developing countries. Underlining the role of various agreements in such trade, he said that in 1980 and the first half of 1981 his country had concluded 18 new agreements with developing countries, five of which were credit agreements amounting to \$US 162 million. A growing role in relations with developing countries was being played by economic co-operation.

496. Concerning trade with the developed market-economy countries, he said that during the last decade his country's exports to and imports from the West had increased almost fourfold. The year 1980 had confirmed the trend of continuous growth in such trade in spite of certain difficulties, in particular the protectionist measures taken by some developed market-economy countries, which had hampered the expansion of his country's exports. He called for the elimination of such practices. Lastly, he pointed to the prominent role of external economic relations in the new five-year plan of his country.

497. In conclusion, the spokesman for Group D said that consideration of this agenda item in Sessional Committee II should contribute to the clarification of positions of all groups of countries and their readiness to continue the work on an unofficial text with a view to adopting by consensus a new resolution. Referring to the statement by the spokesman for Group B that her Group did not plan to discuss within UNCTAD the issues of East-West trade since they were considered in other forums, he noted that regional organizations, in particular the Economic Commission for Europe, could not cover the whole magnitude of East-West trade problems and their interrelations with other issues; moreover, some developed market-economy countries were not members of ECE. On the other hand, protectionism and other discriminatory measures by a number of developed market-economy countries, which had recently become widespread in world trade, concerned to varying degrees all groups of countries, including socialist countries, developing countries and even some developed market-economy countries. Those measures, particularly in the field of agricultural products, textiles and some others, affected the trade of both developing and socialist countries. A negative effect on those trade flows was exercised by the policy of the European Economic Community in the field of tariffs and quantitative restrictions, including "voluntary" restrictions, etc., and by the discriminatory trade practices of some other developed market-economy countries. All this indicated that UNCTAD, as the most universal international trade organization, was the most appropriate forum for the consideration of those complex and comprehensive problems. That being so, the position of Group B on that issue was a subject of serious concern as it represented a step backward compared with the twenty-first session of the Board, where considerable progress had been achieved in the consideration of the question. Under the circumstances, it was not clear what the task of a contact group of Sessional Committee II should be. He also noted that the negative position of Group B on this question could not be regarded in isolation from that Group's position on other issues discussed at the current session of the Board.

498. The representative of a socialist country of Eastern Europe, also commenting on the position of Group B, pointed out that its position deliberately ignored important factors influencing the trade possibilities of the countries members of Group D with the developing countries. Furthermore, it implied that the development of trade between them depended on the socialist countries of Eastern Europe alone. It was obvious that discrimination against socialist countries applied consistently as a matter of policy by some countries of Group B, over-all protectionism and the growing burden of security could not be disregarded when considering the perspectives for trade between the socialist countries of Eastern Europe and the developing countries. He added that this intimate link was explicitly recognized by General Assembly resolution 1995 (XIX), which called for a universal approach to trade problems, while taking into consideration the specific needs of developing countries.

499. In reply, the spokesman for Group B pointed out that the question of the interrelationships between the various trade flows and related issues was being thoroughly discussed by the Board in plenary under agenda items 3 and 4. The discussion in Sessional Committee II should concentrate on the specific problems of relations between socialist countries of Eastern Europe and developing countries. Furthermore, she noted that her Group had always held the view that a discussion of East-West trade was not appropriate in the Sessional Committee; accordingly her Group's position as expressed in the current debate did not constitute a step backward. As at the twenty-first session of the Board, Group B was prepared to work on a resolution which would be acceptable to all.

500. At the 5th (closing) meeting of the Committee, on 5 October 1981, the spokesmen for all the regional groups expressed their satisfaction that further progress had been made towards the formulation of the final text of a resolution under agenda item 7, although more time was required to reflect on the substantive and fundamental issues with which they were dealing before complete agreement could be reached. The interval before the twenty-fifth session of the Board offered a good opportunity for ideas to be clarified on those issues within the individual groups, thus making for the successful outcome of their work at the next session of the Committee.

501. At its closing meeting, on 6 October 1981, the Committee decided to hold informal consultations with the co-ordinators of regional groups on the text of a draft resolution to be submitted directly to plenary. 38/

Consultations on trade and economic relations

502. The Chairman of Sessional Committee II reported, at the closing meeting of the Committee, on 6 October 1981, that he had been informed by the UNCTAD secretariat that, during the current session of the Trade and Development Board, some States members of UNCTAD had availed themselves of the opportunity provided by the consultative machinery established within UNCTAD for holding bilateral or

38/ For the action by the Board on this matter, see paras. 510-513 below.

multilateral consultations on issues related to trade and economic relations. He recalled that the consultations were provided for by the respective decisions of the Trade and Development Board and were confidential, voluntary and non-committal in character. Pursuant to Conference resolution 95 (IV), the UNCTAD secretariat was required to participate both in the technical preparation of the consultations and in their various subsequent stages and to report to the Board on the substantive results achieved.

503. He further reported that so far, 11 bilateral consultations between four developing countries and six socialist countries of Eastern Europe had been organized by the UNCTAD secretariat, at the request of the interested parties, during the current session of the Board. The consultations would continue to be held until the end of the first part of the twenty-third session.

504. With regard to the substantive subjects dealt with in the course of the consultations, the interested parties had discussed the possibilities of developing direct bilateral trade and economic relations, as well as economic, industrial and technical co-operation, and of obtaining the necessary information on the modalities of payments agreements and credits and the utilization of convertible currencies. During the consultations the delegation of a developing country had expressed its concern regarding the low level of its country's trade flows with the socialist countries of Eastern Europe and emphasized the importance of mixed commissions as a focal point for the evaluation, review and promotion of trade and economic co-operation.

505. In other cases the parties had exchanged information in the course of the consultations that took place regarding the economic and trading systems of their respective countries and discussed ways and means of expanding trade between them. The representative of one developing country indicated the volume of trade with the interested socialist country, and emphasized the fact that the expansion of its volume depended upon the competitiveness and quality of the products in the market of the partner country concerned.

506. The UNCTAD secretariat had been informed by the representative of a developing country that there had been a direct follow-up to the consultations held during the nineteenth session of the Board between his country and a socialist country of Eastern Europe. Subsequent to those consultations, a commercial mission from his country had visited a socialist country of Eastern Europe in 1980 and discussed practical questions related to the development of trade and economic relations between the two parties.

507. During other bilateral consultations held between a developing country and three socialist countries of Eastern Europe, the discussions had dealt with the current situation and prospects of banana exports from the developing country in question to the socialist countries of Eastern Europe. Some details had also been discussed regarding the planned visit of a delegation from the developing country to the foreign trade organizations handling banana imports in the three socialist countries concerned. The visit was scheduled to take place in the coming weeks.

Consideration in plenary

508. At the 555th meeting of the Board, the Chairman of Sessional Committee II, introducing the report of the Committee, said that further progress had been made towards reconciling the points of view of different groups of countries and developing the text of a draft resolution on the agenda item, based on the informal text annexed to Board resolution 220 (XXI).

509. He introduced the draft resolution which he had submitted as a result of the informal consultations that had continued after the close of the Sessional Committee (TD/B(XXIII)/SC.II/L.2).

Action by the Board

510. At the same meeting, the Board adopted the draft resolution submitted by the Chairman of Sessional Committee II (for the text, see annex I below, resolution 243 (XXIII)).

511. The spokesman for the Group of 77 said that, while considerable progress had been made in Sessional Committee II, it had regrettably proved impossible to reach a consensus on the crucial question of financial assistance by the socialist countries of Eastern Europe to developing countries. The Group of 77 had done all it could to emphasize the importance of the issue for developing countries, and most, if not all, of the developed market-economy countries had accepted the target of 0.7 per cent for ODA, which was a fundamental element in international co-operation and of vital importance for promoting the development of the developing countries, especially the least developed among them. He therefore appealed to the socialist countries to reconsider their position on the matter, and hoped that a common understanding could be reached at the twenty-fifth session of the Board, so that resolution 245 (XXIII) might be completed and the developing countries could benefit fully from the co-operation that existed between socialist and developing countries.

512. The spokesman for Group B thanked the Chairman, Vice-Chairman-cum-Rapporteur and spokesmen for the other groups. The position of her Group on the questions dealt with under agenda item 7, and in particular the point which had just been raised by the spokesman for the Group of 77, had been clearly stated by Group B in the Sessional Committee.

513. The spokesman for Group D underlined the importance of agenda item 7, since all the major problems of trade between developing countries and socialist countries of Eastern Europe and of East-West trade were reflected in it. He concluded by paying tribute to the role played by the Chairman of Sessional Committee II in the work of the Committee.

CHAPTER VII

OTHER MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT

(Agenda item 10)

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

(agenda item 10 (a))

514. The report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its fourteenth session (ITC/AG(XIV)/75), distributed under cover of document TD/B/867 - was introduced by the representative of Mexico, in his capacity as Chairman of the Joint Advisory Group. He stated that the technical co-operation programme of the Centre continued to be mainly financed through extra-budgetary resources, i.e. trust funds, with a slowly expanding rate of UNDP financing. The total value (excluding support costs) of the programme in 1980 was \$14.8 million, an increase of 8.5 per cent over 1979. In 1980, trust fund financing accounted for 71.9 per cent of the total programme (as against 75.5 per cent in 1979) and financing by UNDP for 28.1 per cent (as against 24.5 per cent in 1979). Interregional projects accounted for some 22 per cent of the total programme.

515. In reviewing the Centre's technical co-operation programme, the Joint Advisory Group had paid particular attention to: (a) the difficult task facing the Centre in its attempts to expand its programme in an expected situation of zero growth of its regular budget in the 1982-1983 biennium, and only a very modest growth of its extra-budgetary resources; (b) the declining share of Africa in the Centre's over-all programme, particularly in view of the gravity of the problems facing African countries; (c) the qualitative and quantitative improvement in resources needed for the Training Service in 1981 in order to enable the Centre to attend to the pressing needs of developing countries; and (d) the Centre's programme of technical co-operation in import operations and techniques.

516. The Group had also carefully considered the 10 programme areas of the second medium-term programme (1981-1983), which it had considered a useful framework for the development of the Centre's activities. It recognized, however, that implementation of that Programme would call for a greater number of trust fund donors and a greater utilization by developing countries of UNDP resources for trade promotion activities. It had noted the request by the Director-General for Development and International Economic Co-operation that the Centre submit proposals for a medium-term plan covering the period 1984-1989 not later than the end of January 1982 and decided therefore to reconvene during the next session of the Technical Committee, in January 1982, to consider its response to this request.

517. The Working Party on the feasibility and merits of a change in the Centre's status vis-à-vis UNDP, set up at the Group's thirteenth session, had reported on the question whether or not ITC should seek executing agency status with UNDP or continue, as at present, as the implementing agency, through UNCTAD, of trade-promotion components of UNDP-financed programmes. The matter would be further considered at the Group's fifteenth session.

518. As regards future arrangements for meetings of the Joint Advisory Group and its Technical Committee, the Group had requested its Chairman to constitute and chair a small working party which had already met and would propose to the Joint Advisory Group at its fifteenth session new procedures which it was hoped would resolve some of the major drawbacks to the current system. 39/

519. A special topic discussed at the tenth session of the Technical Committee had been institutional infrastructure at the national level. The Advisory Group had supported the recommendations made by the Joint ITC/UNDP evaluation team which had studied the matter. It had also discussed the work of the Centre in the fields of ECDC and TCDC, technical co-operation with State trading organizations, and trade between developing countries and the socialist countries of Eastern Europe.

520. In conclusion, he drew attention to the hope expressed by the Joint Advisory Group that the Centre would continue to carry out its work in the years ahead with the same sense of professionalism, and with a constant improvement of the quality of the assistance provided to developing countries. At the same time, however, the Group had expressed concern that funds from traditional sources for the Centre's technical co-operation programme, namely trust funds from a few donor Governments had levelled off and that, despite great efforts, the Centre had not been able to acquire new donors. Also, although UNDP financing had been slowly expanding, it was still insufficient to enable the Centre to respond to all requests received from developing countries at the very time when their economic progress depended to a large extent on their trade promotion efforts.

521. The representative of Norway, speaking also on behalf of Denmark, Finland and Sweden, noted that the export earnings of most developing countries were still at an unsatisfactory level having regard to their crucial importance for self-sustained growth and economic development. Important demands in this context were access to markets and improved marketing technologies. He stressed the great importance of the Centre as the focal point for technical co-operation in trade promotion within the United Nations system. The Nordic countries felt that the Centre was the right forum for channelling resources and know-how and thereby enable them to generate resources for economic progress and social development. He referred to the Substantial New Programme of Action for the 1980s for the Least Developed Countries which had been adopted at the recently concluded United Nations Conference on the Least Developed Countries, where it was stated that the role of ITC should be strengthened.

522. Referring to the resource situation of the Centre, which was of some concern to the Nordic countries, he said that, while zero growth in regular budget resources was now common to most United Nations agencies, the Nordic countries would find it disturbing if further cuts were to be made in the regular budget, as that would seriously undermine the Centre's ability to carry out its technical co-operation programme. The number of voluntary donors to ITC was small, and while it was the intention of the Nordic countries to maintain relatively high contributions, they strongly felt that more resources should be provided from a wider range of individual donors and from UNDP.

39/ For the report of the Working Party, see ITC/AG(XV)/77.

523. The representative of Malta stated that his Government supported the recommendations and decisions of the Advisory Group at its fourteenth session and hoped that more extra-budgetary resources would be made available to the Centre so as to enable it to extend its assistance to more developing countries. It considered the Centre to be one of the most important bodies of the United Nations system, and believed that the current difficult world economic situation made trade promotion even more important and gave added prominence to the role of ITC.

524. The representative of Ethiopia drew attention to the small number of trust fund donors, noting that their contribution to the work of ITC was nevertheless essential. Expressing his appreciation to those countries, he urged other donors to come forward to help in financing the important activities undertaken by the Centre. His country was already receiving assistance through ITC, but the decreasing share of Africa in the Centre's programme was of concern to all, and in particular to the least developed countries in the region. The situation could be improved if more resources were put at the disposal of the Centre.

Action by the Board

525. At its 556th meeting, on 29 September 1981, the Board took note of the report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its fourteenth session, as well as of the comments made thereon.

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

(agenda item 10 (b))

526. For the consideration of this item the Board had before it the report of the United Nations Commission on International Trade Law on the work of its fourteenth session, 40/ distributed under cover of document TD/B/868.

Action by the Board

527. At its 556th meeting, on 29 September 1981, the Board took note of the report of the United Nations Commission on International Trade Law on its fourteenth session.

C. Trade and economic aspects of disarmament

(agenda item 10 (c))

528. Introducing this subitem, the representative of the Secretary-General of UNCTAD recalled that the Board had requested the UNCTAD secretariat to maintain close working contacts with the Group of Governmental Experts on the Relationship between Disarmament and Development, and to provide it with appropriate assistance.

40/ For the printed text, see Official Records of the General Assembly, Thirty-sixth Session, Supplement No. 17 (A/36/17).

Since the Board's twenty-first session, the last time the UNCTAD secretariat had reported on the activities of the Group, the Group of Governmental Experts had held three more sessions and adopted its final report, which would shortly be available to member States. ^{41/} The UNCTAD observer at the Group had participated in its deliberations and, at its request, provided relevant material. The Group's final report was the first systematic attempt at the international level to examine the links between the search for balanced development in the world economy and the establishment of a new international economic order, on the one hand, and disarmament efforts, on the other. In this connection, the experts had paid particular attention to the urgent economic and social needs of developing countries and examined how resources released by disarmament measures could be used to meet the development needs of developing countries. The Group's report contained a number of general and specific recommendations, but not all of them had gained the support of all experts. The report would be examined by the First Committee at the current session of the General Assembly. He suggested that the Board might wish to take note of these developments and consider suitable follow-up action by UNCTAD.

529. The representative of Czechoslovakia, speaking on behalf of Group D and Mongolia, said that the subitem under discussion was an important part of the Board's agenda, particularly in view of the current international situation. Despite a number of international agreements designed to curb the arms race, new types of weapons of mass destruction had been developed by the imperialist States, which were attempting to undermine the disarmament process. The arms race had reached an unprecedented scale and absorbed huge resources, both financial and intellectual, which placed a heavy burden on many countries, including developing countries. It worsened inflation, increased taxes and reduced the living standards of the masses. Increases in military expenditure impeded socio-economic development. The arms race was incompatible with the restructuring of international economic relations, hampered the development of mutually beneficial economic links and contributed to balance-of-payments difficulties. Transferring resources from military to productive use would create favourable conditions not only for strengthening peace and international security but also for the more rapid socio-economic development of all countries and, in particular, of developing countries. It would, moreover, create favourable conditions for solving problems of radical restructuring of international economic relations and for a substantial expansion of world trade.

530. The socialist countries were doing their utmost to curb the arms race and to introduce real disarmament. One further contribution to this process was the "Peace Programme for the Eighties" announced recently by the Soviet Union. At the current session of the General Assembly, the Soviet Union had suggested that the participants in the session adopt a proposed General Assembly declaration directed at preventing a nuclear holocaust.

531. He added that the UNCTAD secretariat had done a certain amount of work to implement the decision by the Board at its twenty-first session and had initiated the inclusion in the Group's final report of certain background material prepared

^{41/} A/36/356 and Corr.1, annex (Study on the relationship between disarmament and development).

by the UNCTAD secretariat. He expressed the conviction that the UNCTAD secretariat should continue to pay due attention to the trade and economic aspects of disarmament and that the Board should systematically consider this issue at its future sessions. To that end, it would be highly desirable that the Board consider the recommendations arising from the General Assembly's consideration of this issue and of the final report of the Group of Governmental Experts. Of special importance was the relationship between the arms race and inflation. The Board should also consider the possible future activity of UNCTAD in the elaboration of the results and recommendations arising from the special session of the General Assembly on disarmament to be held in 1982.

532. The representative of Colombia said that in his view the problem under review should probably be called "trade and economic aspects of the arms race". This important subject needed appropriate qualitative and quantitative measurement. His country did not participate in the arms race and his delegation insisted that, instead of slogans, important steps be urgently undertaken to curb this detrimental and dangerous process. Developing countries, and especially the weakest among them, were suffering from interference in their internal affairs, and it would be highly desirable to examine the relationship between "armamentism" and violation of sovereignty. He expressed concern that UNCTAD in its specific field might not be equipped to deal with this important matter, which belonged mainly to the United Nations specialized bodies. In his view, the great Powers were mainly responsible for the continuing arms race, and all countries, in particular developing countries, were threatened not only by a nuclear holocaust but by some regional arms race which exceeded the normal replacement of arms and introduced sophisticated and offensive arms detrimental to development efforts. His country was fully prepared to contribute to realistic efforts to strengthen peace and international security through political agreements and arms control.

Action by the Board

533. At its 565th meeting, on 9 October 1981, the Board, upon the proposal of the President, 42/ took note of the statement by the representative of the Secretary-General of UNCTAD on the meetings of the Group of Governmental Experts on the Relationship between Disarmament and Development at which UNCTAD was represented as an observer. It noted that the Group had concluded its work and adopted a final report.

534. The Board decided to consider at its twenty-fifth session the future activity of UNCTAD in this area in the light of the recommendations of the special session of the General Assembly on disarmament, to be held in 1982 (see annex I below, Other decisions (g)).

42/ TD/B/L.607.

CHAPTER VIII

CLOSING STATEMENTS

535. At the 566th (closing) meeting, on 12 October 1981, the spokesman for the Group of 77 observed that discussions during the current session of the Board had helped to clarify the impact of the deep-seated problems in the international economy on the longer-term prospects of developing countries. The debate had also provided a deeper understanding of the interrelationship of policies in the areas of money, trade, finance and development, and of the extent to which interactions among economies of different countries had affected developing countries' development prospects.

536. Consideration of these issues had been facilitated by the Trade and Development Report, 1981 and his Group felt that the Report should be an annual feature of the Board's deliberations and that it would provide a useful framework for lending greater coherence to the work of the Board and its subsidiary bodies. It effectively complemented the reports of other international institutions, in as much as it focused on development problems and provided a coherent framework from which policy conclusions to deal with the current crisis, as well as long-term problems, could be derived. He noted that the analysis in the Report cast serious doubts on the capacity of the developed countries to regain high rates of growth. For developing countries to grow at the rate envisaged in the International Development Strategy for the Third United Nations Development Decade a new development paradigm would be necessary in which improvements in the terms of trade of developing countries, reforms in international payments and financing arrangements, increased economic co-operation among developing countries and increased import substitution, supported by international measures, such as the Integrated Programme for Commodities, would play a central role.

537. Future issues of the Report should take into account suggestions by members of his Group, in particular that there should be a thorough assessment of progress in the establishment of the new international economic order and in implementing measures in the area of economic co-operation among developing countries. He requested the secretariat to take fully into account the specific comments of members of his Group, including those relating to the classification of developing countries.

538. His Group's principal motive in submitting a draft resolution calling upon the Board to keep under review developments in the international trading system ^{43/} was its concern at a number of alarming features emerging in the system, including the results of the multilateral trade negotiations. The current international trading system contained serious contradictions. Pressure had been exerted on developing countries, particularly during the multilateral trade negotiations, to participate more fully in the framework of rights and obligations. However, to an ever-increasing extent, the actual practices of the developing countries' major trading partners did not reflect such rules and principles, but often completely contradicted them. The developing countries did not share the great faith expressed by others in the ad hoc or "pragmatic" approach. In their experience, pragmatism had become a euphemism for surrendering their rights when faced with superior power.

^{43/} TD/B(XXIII)/SC.I/L.7/Rev.1 (see para. 352 above). For the text, see annex II below.

539. These contradictions threatened the existence of the international trading system and its ability to promote growth in international trade in a manner conducive to economic development. In certain forums, proposals were being made which contradicted the fundamental principles upon which the current system had been built. While these concepts were currently applied in certain product sectors, there was no intellectual reason why they could not be invoked to justify discrimination against developing countries across the whole range of product sectors. It was ironical that, after so many years of fighting to establish a preferential régime in their favour, developing countries were now struggling to maintain treatment at least equal to that of other countries in the trading system.

540. As to the developments that should be reviewed, he pointed out that developing countries found that, in relative terms, their exports were faced with a more protective import régime in developed countries than were imports from other countries. Was that the result of a weak bargaining position? Was there any way of righting this situation and establishing a system based on power relationships? Furthermore, developing countries were being asked to accept new concepts such as "unacceptable levels of market penetration", "cumulative market disruption", "disruptive prices", "low cost supplies", etc. He questioned how these concepts could be fitted into the current framework of rights and obligations and the fundamental economic principles upon which it stood. What would be the implications of the acceptance by developing countries of these new concepts?

541. Protectionism and structural adjustment was a key issue in devising appropriate economic policies. However, while the international trading system was certainly influenced by the current rise in protectionism, the latter was only one element of the many which needed to be tackled in reviewing and improving the **over-all system**. His Group looked forward to an in-depth examination of these issues at forthcoming Board sessions and to the related secretariat documentation.

542. He then referred to the views of his Group on implementation of Board resolution 165 (S-IX) on the debt and development problems of developing countries, which had been expressed at an earlier meeting, when the Board had considered agenda item 5. 44/ As to Board resolution 222 (XXI), the Group of 77 welcomed the intention of the Secretary-General of UNCTAD to undertake informal consultations with the President of the World Bank and the Managing Director of IMF on their respective experience in dealing with the debt problems of developing countries. It attached high priority to the proposed UNCTAD/UNDP interregional project on debt management, to be considered at the twenty-ninth session of the Governing Council of UNDP. UNCTAD should make every effort to help in the preparation of meetings regarding debt reorganization, as well as helping developing countries, particularly the least developed, in setting up appropriate institutional and technical machinery to monitor external debt obligations and debt servicing. His Group looked forward to the report by the Secretary-General of UNCTAD on his consultations with the Administrator of UNDP and to positive action to be taken by the UNDP Governing Council on the interregional debt project.

543. His Group also felt that the Secretary-General of UNCTAD should provide a study which clearly indicated other avenues of debt cancellation to the developing countries, in particular to the least developed and other poorer developing countries.

44/ See chap. III above.

544. On the question of shipping, the Group of 77 fully appreciated the support it had received from Group D and China and welcomed the positive attitude of Group B which, in spite of major difficulties, had striven for a consensus. He was optimistic that this consensus would continue in the Intergovernmental Preparatory Group on Conditions of Registration of Ships, the convening of which the Board had just approved.

545. He thanked the secretariat for the studies it had submitted of economic conditions in Namibia and South Africa and of the economic conditions of the Palestinian people in the occupied Arab territories, pursuant to Conference resolution 109 (V) 45/ which, despite certain shortcomings due mainly to difficulties in conducting them, were very illuminating.

546. The situation in Namibia was serious. After many years of negotiation, and despite the international community's condemnation of its illegal occupation, the South African racist régime continued to hold on to the destiny of this territory. Knowing that independence for Namibia was inevitable, South Africa had been doing everything possible to tie all aspects of Namibia's economy to its own. The world must now recognize that, for Namibia to be truly independent, its economy must be freed from total dependence upon South Africa - especially in such areas as skilled manpower, trade and communications.

547. To provide immediate and effective assistance to a post-independence Namibia, it was necessary to assess beforehand, on the basis of a thorough and comprehensive analysis, the major development problems facing the majority of the Namibian people and to formulate concrete proposals for assistance. That was why the Group of 77 considered that a comprehensive economic and social survey of Namibia, along the lines of the UNDP/UNCTAD study on Zimbabwe, should be conducted with UNCTAD as executing agency. Such a study, to be relevant and realistic, should be done in collaboration with the national liberation movement of the Namibian people, namely, the South West Africa People's Organization.

548. The case of Namibia brought to mind the situation of the Palestinian people, who had been deprived of their God-given land through no fault of their own and were suffering the great injustice of being forced to live either under Israeli colonial occupation or in miserable conditions in exile. They should be enabled to exercise their national rights, including the right to return to their homeland - Palestine - the right to self-determination and the right to establish their independent State. The Palestinian people had the ability to build up and develop their national economy, as had been demonstrated by their contribution to the economic growth of some economies in the Middle East and elsewhere. The Israeli occupation had rendered the economy of the occupied territories totally dependent on the Israeli economy and had reduced the occupied territories to being mere sources of cheap labour and the second largest market in the world for Israeli products. The Group of 77 considered that the impact of Israeli economic policies in the occupied territories should be studied, at both the macro-economic and the micro-economic levels, with a view to arriving at concrete proposals for overcoming the economic problems resulting from the Israeli occupation and to formulating a comprehensive economic policy for the development of an independent Palestinian economy, in the context of the new International Development Strategy and in compliance with the Charter of Economic Rights and Duties of States.

45/ TD/B/869 and Add.1 and TD/B/870.

CHAPTER IX

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

(Agenda items 1, 8, 11 and 12)

A. Opening of the session

549. The twenty-third regular session of the Trade and Development Board was opened by the outgoing President of the Board, Mr. P.H.R. Marshall (United Kingdom of Great Britain and Northern Ireland). ^{46/}

B. Election of officers

(Agenda item 1 (a))

550. At its 554th meeting on 28 September 1981, the Board elected as its President Mr. H. A. Dabbagh (Kuwait) ^{47/} and as its Rapporteur Mr. P. Lintu (Finland). At the same meeting, it elected nine of its Vice-Presidents: Mr. G. Alvares-Maciel (Brazil), Mr. J. Bolaños (Cuba), Mr. P. Guna-Kasem (Thailand), Mr. R. Hlavaty (Czechoslovakia), Mr. A. Mangongo-Nzambi (Gabon), Mr. P.H.R. Marshall (United Kingdom of Great Britain and Northern Ireland), Mr. A.S. Osman (Somalia), Mr. M.S. Pankine (Union of Soviet Socialist Republics) and Mr. K. R. Ziegler (Austria).

551. At its 556th meeting, on 29 September 1981, the Board completed its Bureau by electing as Vice-President Mr. F.J.C. Klinkenbergh (Netherlands).

552. The Bureau of the Board elected at its twenty-third session was thus as follows:

President: Mr. H.A. Dabbagh (Kuwait)

Vice-Presidents: Mr. G. Alvares-Maciel (Brazil)
Mr. J. Bolaños (Cuba)
Mr. P. Guna-Kasem (Thailand)
Mr. R. Hlavaty (Czechoslovakia)
Mr. F.J.C. Klinkenbergh (Netherlands)
Mr. A. Mangongo Nzambi (Gabon)
Mr. P.H.R. Marshall (United Kingdom of Great Britain
and Northern Ireland)
Mr. A.S. Osman (Somalia)
Mr. M.S. Pankine (Union of Soviet Socialist Republics)
Mr. K.R. Ziegler (Austria).

Rapporteur: Mr. P. Lintu (Finland)

C. Announcement of any changes in the membership of the Board

(Agenda item 11 (b))

553. At the 554th meeting, on 28 September 1981, the President of the Board announced that, in accordance with paragraphs 5 and 7 of General Assembly resolution 1995 (XLIX), as amended, Angola had communicated to the Secretary-General of UNCTAD its intention to become a member of the Board and was accordingly now a member of the Trade and Development Board.

^{46/} For the statement by the outgoing President, see para. 1 above.

^{47/} For a summary of the statement by the President upon his election, see paras. 2-4 above.

554. At the 556th meeting, on 29 September 1981, the President announced that Grenada likewise had communicated its intention to become a member of the Board and was accordingly now a member of the Board. 48/

D. Treatment of new States members of UNCTAD
for purposes of elections

(Agenda item 11 (a))

555. At its 554th meeting, on 28 September 1981, the Board decided that, pending action by the Conference at its sixth session in pursuance of paragraph 6 of General Assembly resolution 1995 (XIX), as amended, Vanuatu which had become a Member of the United Nations on 15 September 1981, should be treated as if it were in the group of countries listed in part A of the annex to General Assembly resolution 1995 (XIX) (see annex I below, Other decisions (a)).

556. At the same meeting, the Board decided that, pending action by the Conference at its sixth session in pursuance of the same resolution, Belize, which had become a Member of the United Nations on 25 September 1981, should be treated as if it were in the group of countries listed in part C of the annex to that resolution (see annex I below, Other decisions (a)).

557. At the 556th meeting, on 29 September 1981, the representative of Guatemala stated that his delegation considered that the admission of Belize to membership of the United Nations, and thereby UNCTAD, was without prejudice to the position of his Government on Belize, which had been clearly set forth at the current (thirty-sixth) session of the General Assembly.

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

(Agenda item 1 (b))

558. At its 554th meeting, on 28 September 1981, the Board adopted as its agenda for the twenty-third session the provisional agenda approved by the Board at its twenty-second session, 49/ as adjusted by the President of the Board in consultation with the Secretary-General of UNCTAD (TD/B/852 and Add.1), introducing a number of sub-items into item 9. The agenda as adopted was thus as follows (TD/B/871):

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) Membership of the Working Party on the Medium-term Plan and the Programme Budget;
- (e) Provisional agenda for the twenty-fourth regular session of the Board and organization of the work of the session.

48/ For the membership of the Board at the close of the first part of the twenty-third session see annex VI.

49/ See part one above, annex IV.

2. Specific matters arising from the resolutions, recommendations and other decisions adopted by the Conference at its fifth session requiring attention or action by the Board at its twenty-third session.
3. Evaluation of the world trade and economic situation and consideration of issues, policies and appropriate measures to facilitate structural changes in the international economy, taking into account the interrelationships of problems in the areas of trade, development, money and finance with a view to attaining the establishment of a new international economic order and bearing in mind the further evolution that may be needed in the rules and principles governing international economic relations.
4. Interdependence of problems of trade, development finance and the international monetary system.
5. Implementation of Trade and Development Board resolution 165 (S-IX) on the debt and development problems of developing countries.
6. Sixth session of the United Nations Conference on Trade and Development: place, date and duration.
7. Trade relations among countries having different economic and social systems and all trade flows resulting therefrom.
8. Arrangements for the review and appraisal of the implementation of the International Development Strategy for the Third United Nations Development Decade.
9. Matters requiring action by the Board arising from or related to reports and activities of its subsidiary and other bodies:
 - (a) Manufactures and semi-manufactures;
 - (b) Shipping;
 - (c) Transfer of technology;
 - (d) Medium-term plan and programme budget.
10. Other 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 fourteenth session;
 - (b) Progressive development of the law of international trade: fourteenth annual report of the United Nations Commission on International Trade Law;
 - (c) Trade and economic aspects of disarmament.
11. Institutional, organizational, administrative and related matters:
 - (a) Treatment of new States members of UNCTAD for purposes of elections;
 - (b) Announcement of any changes in the membership of the Board and election to membership of main committees;

(c) Designation of intergovernmental bodies for the purposes of rule 78 of the rules of procedure;

(d) Designation and classification of non-governmental organizations for the purposes of rule 79 of the rules of procedure;

(e) Review of the calendar of meetings;

(f) Financial implications of the actions of the Board.

12. Other business.

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

559. Also at its 554th meeting, the Board broadly endorsed the suggestions made by the secretariat for the organization of the work of the session (TD/B/852/Add.2), including a tentative time-table of meetings, and decided to establish two sessional committees of the whole. Sessional Committee I would consider and report on agenda item 2 (Specific matters arising from the resolutions, recommendations and other decisions adopted by the Conference at its fifth session requiring attention or action by the Board at its twenty-third session), 50/ agenda item 9 (Matters requiring action by the Board arising from or related to reports and activities of its subsidiary and other bodies) and the question (under agenda item 12 (Other business)) of the request in decision 2/4 of the High-level Committee on the Review of Technical Co-operation among Developing Countries. Sessional Committee II would consider and report on item 7 (Trade relations among countries having different economic and social systems and all trade flows resulting therefrom).

Sessional Committee I

560. Sessional Committee I held eight meetings, from 28 September to 8 October 1981. At its 1st meeting, Mr. F. Jaranillo (Colombia) was elected Chairman and at its 2nd meeting, on 29 September 1981, Mr. J. Lynch (Canada) was elected Vice-Chairman-cum-Rapporteur.

561. At its 8th (closing) meeting, on 8 October 1981, Sessional Committee I considered its draft report (TD/B(XXIII)/SC.I/L.1 and Add.1) and adopted it with a number of amendments.

562. At the 565th meeting of the Board, on 9 October 1981, the Chairman of Sessional Committee I introduced the report of the Committee (TD/B(XXIII)/SC.I/L.1 and Add.1, as amended and completed by document TD/B/L.608) and gave a brief account of the action taken by the Committee on the items referred to it.

563. At the same meeting, the Board adopted the report of Sessional Committee I, for incorporation, as appropriate, in its own report. 51/

50/ Except for Conference resolution 114 (V), which would be considered in plenary.

51/ The substance of the report of the Sessional Committee is incorporated in chapters II and IV above, and in section N.2 of the present chapter.

564. After the adoption of the report of Sessional Committee I, the representative of the Libyan Arab Jamahiriya said that his delegation had reservations regarding that part of the report (paras. 252-279) which summarized the debate in the Sessional Committee on assistance to national liberation movements recognized by regional intergovernmental organizations. He said that six paragraphs (paras. 254-259) were devoted to summarizing statements made by representatives of 12 developing countries. He found the presentation of these summaries confusing in that it gave the impression that some of these representatives had spoken on the study on the economic conditions of the Palestinian people (TD/B/870) and that others had spoken on the studies on economic conditions in Namibia and South Africa (TD/B/869 and Add.1), respectively, whereas in fact all the statements, with one exception, had dealt with all three studies. Moreover, he felt that the lengthy and important statements made by these representatives were not properly reflected. Many significant points had been omitted, such as the main point made in the statement by his delegation which had laid emphasis on the Israeli policy of destroying the Palestinian economy and creating full dependence on its own economy. In contrast, he pointed out that six long paragraphs of the report (paras. 266-271 above) were devoted to recording the views - almost verbatim - of the representative of one country (Israel). More space had been allocated to that one statement than to the statements made by the representatives of the 12 developing countries referred to. His delegation considered that this was inequitable and unjust, and that it represented an unreasonable bias, and wished to call the attention of the Board to that fact.

Sessional Committee II

565. Sessional Committee II held five meetings, from 28 September to 6 October 1981. In addition to the deliberations in Sessional Committee II, bilateral and multilateral consultations were held during the session of the Board between interested countries, in accordance with the relevant decisions of the Conference and the Board. At the closing meeting of the Sessional Committee the Chairman, on the basis of the information provided by the UNCTAD secretariat, reported on the substantive results achieved during those consultations. 52/

566. At its opening meeting, on 28 September 1981, the Committee elected as its Chairman Mr. A. Saker (Syrian Arab Republic) and as its Vice-Chairman-cum-Rapporteur Mr. C. Beyazov (Bulgaria).

567. At its closing meeting, on 6 October 1981, the Sessional Committee considered its draft report (TD/B(XXIII)/SC.II/L.1 and Corr.1 and Add.1) and adopted it with a number of amendments.

568. At the 565th meeting of the Board, on 9 October 1981, the Chairman introduced the report of the Committee (TD/B(XXIII)/SC.II/L.1 and Add.1, as amended and completed by document TD/B/L.605).

569. At the same meeting, the Board adopted the report of the Sessional Committee for incorporation, as appropriate, in its own report. 53/

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

53/ The substance of the report of the Sessional Committee is incorporated in chapter VI above.

F. Adoption of the report on credentials

(Agenda item 1 (c))

570. At its 564th meeting, on 8 October 1981, the Board adopted the report of the Bureau on credentials (TD/B/874).

571. At the 566th meeting, on 12 October 1981, the representative of Pakistan, whose delegation had been absent at the 564th meeting, stated that his delegation had reservations concerning the credentials of the representatives of Afghanistan, for reasons which had been explained at the current session of the General Assembly.

G. Membership and attendance 54/

572. The following States members of UNCTAD, members of the Board, were represented at the session:

Afghanistan	Ghana	Poland
Algeria	Greece	Portugal
Angola	Grenada	Qatar
Argentina	Guatemala	Republic of Korea
Australia	Hungary	Romania
Austria	India	Saudi Arabia
Bangladesh	Indonesia	Senegal
Belgium	Iran	Singapore
Bolivia	Iraq	Somalia
Brazil	Ireland	Spain
Bulgaria	Israel	Sri Lanka
Burma	Italy	Sudan
Burundi	Ivory Coast	Suriname
Byelorussian Soviet Socialist Republic	Jamaica	Sweden
Canada	Japan	Switzerland
Central African Republic	Jordan	Syrian Arab Republic
Chile	Kenya	Thailand
China	Kuwait	Togo
Colombia	Lebanon	Trinidad and Tobago
Costa Rica	Liberia	Tunisia
Cuba	Libyan Arab Jamahiriya	Turkey
Cyprus	Liechtenstein	Ukrainian Soviet Socialist Republic
Czechoslovakia	Luxembourg	Union of Soviet Socialist Republics
Democratic People's Republic of Korea	Madagascar	United Arab Emirates
Democratic Yemen	Malaysia	United Kingdom of Great Britain and Northern Ireland
Denmark	Malta	United Republic of Cameroon
Dominican Republic	Mexico	United Republic of Tanzania
Ecuador	Mongolia	United States of America
Egypt	Morocco	Uruguay
El Salvador	Netherlands	Venezuela
Ethiopia	New Zealand	Viet Nam
Finland	Nicaragua	Yemen
France	Nigeria	Yugoslavia
Gabon	Norway	Zaire
German Democratic Republic	Oman	
Germany, Federal Republic of	Pakistan	
	Panama	
	Peru	
	Philippines	

54/ For the list of participants in the session, see TD/B/INF.111 and Corr.1.

573. The following other State member of UNCTAD was represented at the session:
Holy See.

574. The United Nations Industrial Development Organization and the United Nations Development Programme were represented at the session.

575. The following specialized agencies were represented at the session:

Food and Agriculture Organization of the United Nations
United Nations Educational, Scientific and Cultural Organization
International Civil Aviation Organization
World Bank
International Monetary Fund
Inter-Governmental Maritime Consultative Organization
World Intellectual Property Organization

The General Agreement on Tariffs and Trade was also represented.

576. The following intergovernmental organizations were represented at the session:

Arab Federation of Shipping
Council for Mutual Economic Assistance
European Economic Community
European Free Trade Association
Intergovernmental Committee for Migration
League of Arab States
Organisation for Economic Co-operation and Development
Organization of American States

577. The following non-governmental organizations were represented at the session:

General category:

International Bar Association
International Chamber of Commerce
International Christian Union of Business Executives
International Confederation of Free Trade Unions
International Law Association
World Confederation of Labour
World Federation of Trade Unions
World Federation of United Nations Associations

Special category:

Council of European and Japanese National Shipowners' Associations
International Air Transport Association

578. The Palestine Liberation Organization participated pursuant to General Assembly resolution 3237 (XXIX).

579. The African National Congress of South Africa participated pursuant to General Assembly resolution 3280 (XXIX); the South West Africa People's Organization participated pursuant to General Assembly resolution 31/152.

H. Membership of the Working Party on the Medium-term Plan and the Programme Budget

(Agenda item 1 (d))

580. At its 563rd meeting, on 7 October 1981, the Board decided to establish the membership of the Working Party on the Medium-term Plan and the Programme Budget for one year, starting with the calendar year 1982, when the membership would consist of the following 19 States: Argentina; Brazil; Canada; China; Finland; France; German Democratic Republic; Germany, Federal Republic of; Ghana; India; Indonesia; Japan; Libyan Arab Jamahiriya; Madagascar; Mexico; Poland; Qatar; Union of Soviet Socialist Republics; United States of America (see annex I below, decision 236 (XXIII)).

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

(Agenda item 11 (d))

581. At its 556th meeting, on 29 September 1981, the Board approved the applications by the following non-governmental organizations ^{55/} for designation under rule 79 of the rules of procedure of the Board for the purpose of that rule and rule 81 of the rules of procedure of the Conference and decided, in accordance with the recommendations of the Secretary-General of UNCTAD (TD/B/872), that they should be classified as follows (see annex I, Other decisions (b)):

General category

Centre Europe-Tiers Monde (CETIM)
International Council of Women (ICW)
Third World Foundation (TWF)

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

UNCTAD organ

International Association of Dry Cargo
Shipowners (INTERCARGO)

Committee on Shipping

^{55/} The applications by these non-governmental organizations, together with information on their history, structure and functioning, are contained in documents TD/B/R.26 and Add.1-4 (derestricted).

J. Election to membership of main committees

(Agenda item 11 (b))

582. At its 554th meeting, on 23 September 1981, the Board confirmed the membership of its main committees as listed in its report on its twenty-second session, 56/ and declared Lebanon elected to the Committee on Shipping. 57/

K. Arrangements for the review and appraisal of the implementation of the International Development Strategy for the Third United Nations Development Decade

(Agenda item 8)

583. At its 563rd meeting, on 7 October 1981, the Board decided, in the light of informal consultations, to defer consideration of this item to a future session.

L. Review of the calendar of meetings

(Agenda item 11 (e))

584. Under this item, the Board had before it a note by the UNCTAD secretariat (TD/B/L.597 and Add.2 and 3) containing a revised calendar of meetings for the remainder of 1981, a draft calendar for 1982 and a draft tentative schedule for 1983. Financial and administrative implications of the proposals were presented in TD/B/L.597/Add.1.

585. At its 563rd meeting, on 7 October 1981, the Board decided that:

(a) The Third Preparatory Meeting on Meat should be held from 30 November to 4 December 1981;

(b) The second session of the Permanent Sub-Committee on Commodities should be held from 1 to 5 February 1982;

(c) The first special session of the Committee on Commodities should be held from 8 to 12 February 1982.

586. At the 565th meeting, on 9 October 1981, the President stated that, as a result of his informal consultations, it had been agreed that the Intergovernmental Group of Experts on an Export Credit Guarantee Facility would be open to participation by all States members of UNCTAD.

587. The representative of the Secretary-General of UNCTAD drew attention to a number of changes which should be made in the annex to the draft calendar of meetings contained in TD/B/L.597 and Add. 2 and 3. He also drew attention to a statement of financial implications (TD/B/L.597/Add.1) relating to a proposal that the servicing structure of certain UNCTAD meetings should be strengthened as from 1982 (TD/B/L.597, section C).

56/ See part one above, annex VI.

57/ For the complete list of States members of the main committees at the close of the first part of the twenty-third session, see annex VII below.

588. The spokesman for the Group of 77 stated that his Group wished to propose that a further session of the Meeting of Governmental Experts of Developing Countries on Economic Co-operation among Developing Countries should be included in the calendar for 1982. He understood that consultations would take place on this matter, so that a decision could be taken at the second part of the twenty-third session.

589. The spokesman for Group B said that the members of her Group, in agreeing to the proposed calendar of meetings, did so without prejudice to their views concerning the Ad Hoc Intergovernmental High-level Group of Experts on the Evolution of the International Monetary System, which they had expressed on earlier occasions, both at UNCTAD V and in the Board.

590. She welcomed the fact that all Groups now agreed that membership of the Intergovernmental Group of Experts on an Export Credit Guarantee Facility would be open to all States members of UNCTAD and that accordingly invitations to participate in it would be sent to all States.

591. Referring to the statement of financial implications contained in TD/B/L.597/Add.1, she said that her Group hoped that the proposed extra servicing for the Working Party on the Medium-term Plan and the Programme Budget and for the Working Group on International Shipping Legislation could be covered from within existing resources.

592. The spokesman for Group D said that the draft calendar of meetings before the Board provided for a number of meetings under the Integrated Programme for Commodities. He noted that, at the Fifth Preparatory Meeting on Hard Fibres, held from 25 May to 5 June 1981, use had been made of a rather unusual practice for UNCTAD with respect to seating arrangements for delegations and the format of the list of participants. As a result, the impression had been created that the European Economic Community was participating in the activities of a meeting of UNCTAD, not as an observer as provided for in the rules of procedure, but on an equal footing with the representatives of States. Group D considered that, in this case, a clear violation of the rules had taken place, and would insist that the rules of procedure should be unflinchingly observed in the future.

593. At the 566th meeting, on 12 October 1981, the representative of the United Kingdom, speaking on behalf of the European Economic Community and its member States, and referring to certain practical arrangements made at the Fifth Preparatory Meeting on Hard Fibres, with respect to the Community and its member States, stated that it was the clear understanding of the Community and its member States that these arrangements, which had been made in response to the decision of the Community and of its member States to participate by way of a single delegation, were fully compatible with known United Nations (and UNCTAD) rules and practices. They in no way represented an attempt to alter the status in UNCTAD either of the Community or of its member States.

Action by the Board

594. At the same meeting (565th), the Board agreed to recommend to the General Assembly new levels of servicing for the Working Party on the Medium-term Plan and the Programme Budget and the Working Group on International Shipping Legislation, as set out in section C of document TD/B/L.597, having taken note of the financial

implications thereof. ^{58/} It noted the agreement that the Intergovernmental Group of Experts on an Export Credit Guarantee Facility would be open to participation by all States members of UNCTAD.

595. The Board also decided to take up at the second part of its twenty-third session the question of including in the calendar for 1982 a further session of the Meeting of Governmental Experts of Developing Countries on Economic Co-operation among Developing Countries.

596. The Board also approved a revised calendar of meetings for the remainder of 1981 and for 1982, and a tentative schedule of meetings for 1983 (see annex I below, decision 244 (XXIII)).

M. Provisional agenda for the twenty-fourth regular session of the Board and organization of the work of the session

(Agenda item 1 (e))

597. The draft provisional agenda for the twenty-fourth regular session was before the Board in a note by the UNCTAD secretariat (TD/B/L.602).

598. In its consideration of the draft provisional agenda at its 565th meeting, on 9 October 1981, the Board completed the wording of item 6 by adding "preparations for the session", deleted item 10 and added two sub-items to the item on institutional, organizational, administrative and related matters ("Rationalization of the permanent machinery of UNCTAD" and "Supplementary conference services for UNCTAD (Board decision 233 (XXII), paragraph 3)").

Action by the Board

599. At its 564th meeting, on 8 October 1981, the Board decided to defer until the second part of its twenty-third session consideration of the question of holding a session at ministerial level before the sixth session of the Conference.

600. Regarding the organization of work of the twenty-fourth session, the Board, at the same meeting, authorized the President, in consultation with the Secretary-General of UNCTAD, to adjust the provisional agenda, as necessary, in the light of developments, and requested the Secretary-General of UNCTAD to consult with delegations on the organization of the work of the session and to circulate his suggestions thereon.

601. At its 565th meeting, on 9 October 1981, the Board approved the provisional agenda for the twenty-fourth regular session contained in document TD/B/L.602, as amended above (see annex V below).

N. Other business

(Agenda item 12)

1. General Assembly resolution 35/10

602. The Board had before it a note by the UNCTAD secretariat (TD/B/L.600) concerning General Assembly resolution 35/10 of 3 November 1980 on the pattern of conferences.

^{58/} For the statement of financial implications of matters concerning the calendar of meetings, see annex IV below.

Action by the Board

603. At its 563rd meeting, on 7 October 1981, having been informed by the President of his extensive informal consultations on the question of scheduling its second regular annual session in order to comply with paragraph 4 of General Assembly resolution 35/10 A, 59/ the Board decided that:

(a) In 1982, it would hold its twenty-fourth regular session in March and its twenty-fifth regular session at the beginning of September;

(b) In 1983, it would hold one session before the sixth session of the Conference, scheduled for the spring of 1983, and one session after the Conference;

(c) The matter raised in paragraph 4 of General Assembly resolution 35/10 A would be referred to the Conference at its sixth session (see annex I below, Other decisions (c)).

2. Technical co-operation among developing countries 60/

Consideration in Sessional Committee I

604. The Chairman recalled the background and the legislative mandate of the Buenos Aires Plan of Action for Promoting and Implementing Technical Co-operation among Developing Countries 61/ and of the High-level Committee on the Review of Technical Co-operation among Developing Countries. Referring to decision 2/4 adopted in June 1981 by the High-level Committee at its second session 62/ and endorsed by the Economic and Social Council in its resolution 1981/58, he suggested that the Board might wish to give consideration to the invitation addressed to it in paragraph 5 of decision 2/4.

605. The representative of the Secretary-General of UNCTAD said that the invitation contained in paragraph 5 of decision 2/4 was one link in a chain of events that had begun with the request made by the General Assembly (in its resolution 35/202) to the organs, organizations and bodies of the United Nations development system to contribute to the preparation of the second session of the High-level Committee. UNCTAD had responded to this request by submitting a report on co-operative exchange of skills among developing countries (TCDC/2/INF/3). The Committee, in decision 2/4, had noted with interest this report and had invited the Trade and Development Board to consider initiating an action-oriented study on the feasibility of the various proposals made in the report regarding co-operative exchange of skills, including recommendations for further action, taking fully into account the decisions of the United Nations Conference on Technical Co-operation among Developing Countries and the views expressed by Governments at the second session of the High-level Committee and to submit the feasibility study to the High-level Committee at its third session. In conclusion, he said that the invitation by the High-level Committee supported the mandate already given to UNCTAD in this field in paragraph 7 (c) of Conference resolution 102 (V).

606. The spokesman for the Group of 77 reiterated the importance of this subject for his Group. He recalled that decision 2/4 had been adopted by consensus in the High-level Committee by the same countries represented at the Board. The Board

59/ See TD/B/L.594.

60/ This subject was referred to Sessional Committee for consideration and report (see para. 559 above).

61/ Report of the United Nations Conference on Technical Co-operation among Developing Countries, Buenos Aires, 30 August-12 September 1978 (United Nations publication, Sales No. E.78.II.A.11 and corrigendum), chap. I.

62/ Official Records of the General Assembly, Thirty-sixth Session, Supplement No. 39 (A/36/39), annex I.

should therefore adopt a consistent response to the invitation addressed to it by the High-level Committee. The report submitted by UNCTAD to the High-level Committee (TCDC/2/INF/3) was a very useful one, and it had been noted with interest by that Committee. He felt that chapter V of the report, in particular, might be given further consideration in the Board. He suggested that the Board should request the UNCTAD secretariat to undertake an action-oriented study on the feasibility of the various proposals made in the report regarding co-operative exchange of skills, in the light of the action to be taken by the General Assembly at its thirty-sixth session. He added that UNDP should be invited to co-operate with UNCTAD in the preparation of such a study.

607. The spokesman for Group D said that, in the view of his Group, the Board should accept the invitation addressed to it by the High-level Committee. He was glad to note from the explanations given by the representative of the Secretary-General of UNCTAD that the study would not entail additional financial implications for UNCTAD. After completion, it should be submitted to the High-level Committee at its third session, either through the Board or through the Committee on Transfer of Technology.

608. The spokesman for Group B asked what kind of study the secretariat intended to prepare and for what purpose. In response, the representative of the Secretary-General of UNCTAD said that the study should basically cover what was requested in paragraph 7 (c) of Conference resolution 102 (V). Chapter V of the UNCTAD secretariat report (TCDC/2/INF/3), entitled "Framework for policies", outlined proposals under section A and supplemented them in section B by several diagnostic studies that needed to be undertaken to translate the broad ideas of section A into concrete proposals.

609. The spokesman for the Group of 77 introduced draft resolution TD/B(XIII)/SC.I/L.6 on "Technical co-operation among developing countries", which had been submitted by Gabon on behalf of the States members of the Group of 77. He said that in preparing the draft resolution, his Group had taken into account the views expressed by the other groups.

610. The spokesman for Group B said that his Group wanted the secretariat to present, at the current session of the Board, a clear outline of the study it intended to carry out in response to the invitation of the High-level Committee. He also raised the question of the financial implications of the feasibility study.

611. The representative of the Secretary-General of UNCTAD, in reply to the spokesman for Group B, drew attention to chapter V, section A, of document TCDC/2/INF/3, in which four broad areas for policy-oriented measures at the developing country level were clearly set out. Section A constituted the outline for the feasibility study. Section B should be considered as an indication of further diagnostic research work that might be undertaken.

612. The spokesman for Group B said that the outline in document TCDC/2/INF/3 covered too broad a framework to be translated into concrete proposals and he recalled that the representative of the UNCTAD secretariat had previously stated that the studies listed in section B of chapter V would supplement those in section A.

613. In response, the representative of the Secretary-General of UNCTAD stated that the word "supplement" might have given rise to some interpretative difficulties. In view of the language of operative paragraph 1 of the draft resolution, the proposals that were to be covered by the feasibility study were those set out in section A of chapter V of document TCDC/2/INF/3. The study could be undertaken without first carrying out the diagnostic work referred to in section B, which, if undertaken, would rather be of a complementary nature.

614. At the 8th (closing) meeting, on 8 October 1981, the Chairman introduced draft resolution TD/B(XXIII)/SC.I/L.9 and Corr.1, which he had submitted as a result of informal consultations, and draft resolution TD/B(XXIII)/SC.I/L.6 was withdrawn by its sponsors.

615. The Sessional Committee decided to recommend the draft resolution submitted by the Chairman, for adoption by the Board.

616. The spokesman for Group B recalled that, owing to lack of time, the proposals listed in paragraph 62 of document TD/239 63/ had not been discussed at the fifth session of the Conference. Group B very much regretted that, once again, at the current session of the Board there had been insufficient time to give detailed consideration to the proposals. Group B's support for this resolution was therefore without prejudice to the views of their Governments which were reflected in the Buenos Aires Plan of Action for Promoting and Implementing Technical Co-operation among Developing Countries.

617. The spokesman for the Group of 77 expressed the view that all the elements contained in paragraph 62 of document TD/239 should be taken into account, without giving priority to any one area.

Consideration in plenary

Action by the Board

618. At its 565th meeting, on 9 October 1981, the Board adopted the draft resolution recommended by the Sessional Committee (for the text, see annex I below, resolution 242 (XXIII)).

3. Announcements relating to the Common Fund for Commodities

619. At the 564th meeting, on 8 October 1981, the representative of Peru informed the Board that on 23 September 1981 his country had signed the Agreement establishing the Common Fund for Commodities. The Secretary-General of UNCTAD indicated that he had been advised that Guinea and Rwanda had also recently signed the Agreement.

^{63/} "Development aspects of the reverse transfer of technology" - study by the UNCTAD secretariat (TD/239), reproduced in Proceedings of the United Nations Conference on Trade and Development, Fifth Session, vol. III, Basic Documents (United Nations publication, Sales No. E.79.II.D.16).

620. At its 565th meeting, on 9 October 1981, the representative of the Federal Republic of Germany stated that his country had decided to allocate DM 50 million as a voluntary contribution to the Second Account of the Common Fund, thus making it one of the major contributors to the Second Account. He noted that this voluntary contribution was only a small part of his country's total development effort. It was determined, as he was sure were other countries, to increase its allocations for development co-operation. In spite of serious budgetary and balance-of-payments problems, the development budget of the Federal Republic of Germany was scheduled again to rise faster than the budget as a whole.

O. Financial implications of the actions of the Board

(Agenda item 11 (f))

621. In connection with decision 244 (XXIII) on the calendar of meetings and the adoption by the Board of the report of the Committee on Shipping on its third special session (see para. 417 above), the UNCTAD secretariat submitted, under rule 31 of the rules of procedure, statements concerning the financial implications of the actions proposed. 64/

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

(Agenda item 13)

622. Introducing the draft report at the 566th meeting, on 12 October 1981, the Rapporteur said that, though he would have wished to present a more concise draft report, he felt that it had been necessary to reflect extensively the discussion on agenda items 3 and 4, which all felt had been very useful. A composite text covering all the points made in the discussion would have been difficult to prepare, taking into account also the time factor. Furthermore, he believed it was desirable to record the different points of view expressed, so as to assist the secretariat in the preparation of future issues of the "Trade and Development Report".

623. At the same meeting, the Board adopted the draft report on the first part of its twenty-third session (TD/B/L.601 and Add.1-9), with a number of amendments, and authorized the Rapporteur to complete the report as appropriate and to make any necessary editorial changes.

Q. Adjournment of the session

624. At the 566th meeting, on 12 October 1981, the President declared adjourned the twenty-third session of the Trade and Development Board, which would resume on 4 November 1981 to consider agenda item 9 (d) (Medium-term plan and programme budget) and other pending matters.

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

ANNEX I

Resolutions and Decisions adopted by the Trade and Development Board
at the first part of its twenty-third session

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RESOLUTIONS AND DECISIONS ADOPTED BY THE TRADE AND DEVELOPMENT
BOARD AT THE FIRST PART OF ITS TWENTY-THIRD SESSION

RESOLUTIONS

238 (XXIII) Assistance to national liberation movements
recognized by regional intergovernmental
organizations: Namibia and South Africa

The Trade and Development Board,

Recalling General Assembly resolution 1514 (XV) of 14 December 1960 containing the Declaration on the Granting of Independence to Colonial Countries and Peoples,

Recalling also General Assembly resolutions 2626 (XXV) of 24 October 1970 containing the International Development Strategy for the Second United Nations Development Decade, 3201 (S-VI) and 3202 (S-VI) of 1 May 1974 on the Declaration and the Programme of Action on the Establishment of a New International Economic Order and 3281 (XXIX) of 12 December 1974 containing the Charter of Economic Rights and Duties of States, as well as 33/193 of 29 January 1979 on preparations for an international development strategy for the third United Nations development decade, and resolution 109 (V) of 1 June 1979 of the United Nations Conference on Trade and Development,

Taking note of the report entitled "Review of the economic conditions in Namibia and South Africa", a/ submitted by the UNCTAD secretariat in compliance with Conference resolution 109 (V) within the context of the International Development Strategy for the Third United Nations Development Decade,

Reaffirming Security Council resolution 301 (1971) of 20 October 1971 calling upon all States to abstain from entering into economic relations with South Africa in respect of Namibia and declaring that franchises, rights, titles or contracts granted to individuals or companies by South Africa after the termination of the mandate are not subject to protection or espousal by their States against claims of a future lawful Government of Namibia,

Recognizing the need for a more comprehensive and in-depth examination of the economic conditions of the Namibian people, resulting from the illegal occupation of Namibia by the racist régime of South Africa,

1. Requests the Secretary-General of UNCTAD, pursuant to General Assembly resolution 34/42 of 21 November 1979 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, as well as Trade and Development Board decision 224 (XXI) of 27 September 1980 and Conference resolution 109 (V), to consult and prepare with other United Nations agencies and bodies, in collaboration with the South West African People's Organization, a comprehensive and in-depth social and economic survey of Namibia along the lines of the study on Zimbabwe conducted by UNCTAD as executing agency for the United Nations Development Programme; b/

a/ TD/B/869 and Add.1.

b/ Zimbabwe: Towards a New Order - An economic and social survey (United Nations, 1980).

2. Requests the Secretary-General of UNCTAD to continue studies on the economic and social conditions of South Africa initiated pursuant to Conference resolution 109 (V);

3. Further requests the Secretary-General of UNCTAD to provide assistance to national liberation movements of southern Africa recognized by the Organization of African Unity on the most immediate issues facing the territories concerned in the fields of trade and development, including an opportunity for the leadership of the national liberation movements to be more fully acquainted with the activities of UNCTAD in the area of international economic relations and negotiations;

4. Invites the United Nations Development Programme to make available to UNCTAD additional resources, with a view to achieving the above-mentioned objectives;

5. Invites also the Secretary-General of UNCTAD to submit to the Trade and Development Board periodic progress reports on the implementation of the present resolution.

565th meeting
9 October 1981

239 (XXIII) Assistance to national liberation movements recognized by regional intergovernmental organizations: Palestine

The Trade and Development Board,

Recalling General Assembly resolution 1514 (XV) of 14 December 1960 containing the Declaration on the Granting of Independence to Colonial Countries and Peoples,

Further recalling General Assembly resolutions 2626 (XXV) of 24 October 1970 containing the International Development Strategy for the Second United Nations Development Decade, 3201 (S-VI) and 3202 (S-VI) of 1 May 1974 on the Declaration and the Programme of Action on the Establishment of a New International Economic Order, and 3281 (XXIX) of 12 December 1974 containing the Charter of Economic Rights and Duties of States, as well as 33/193 of 29 January 1979 on preparations for an international development strategy for the third United Nations development decade, and resolution 109 (V) of 1 June 1979 of the United Nations Conference on Trade and Development,

Recalling also General Assembly resolutions 3236 (XXIX) of 22 November 1974 on the question of Palestine and 3237 (XXIX) of 22 November 1974 granting observer status to the Palestine Liberation Organization,

Noting the report entitled "Review of the economic conditions of the Palestinian people in the occupied Arab territories", c/ submitted by the UNCTAD secretariat in compliance with Conference resolution 109 (V) within the context of the International Development Strategy for the Third United Nations Development Decade,

c/ TD/B/870.

Recognizing the need for a more comprehensive and in-depth sectoral survey of the economic conditions of the Palestinian people, who are still living under foreign occupation,

1. Requests the Secretary-General of UNCTAD, within the context of the International Development Strategy for the Third United Nations Development Decade, to prepare a comprehensive and in-depth survey of the state of the economy of the Palestinian people in the occupied Palestinian territories, as well as an elaborate analysis of the potentials for its development in the various sectors, and to formulate proposals for alternative development strategies in collaboration with the Palestine Liberation Organization, taking into consideration the above-mentioned report submitted by the UNCTAD secretariat;

2. Requests also the Secretary-General of UNCTAD to submit to the Trade and Development Board periodic progress reports on the preparation of the survey;

3. Invites the United Nations Development Programme to make available to UNCTAD additional resources, with a view to achieving the above-mentioned objectives.

565th meeting
9 October 1981

240 (XXIII) Legislation and regulations on technology transfer

The Trade and Development Board,

Recalling resolution 112 (V) of 3 June 1979 of the United Nations Conference on Trade and Development, on strengthening the technological capacity of developing countries including accelerating their technological transformation,

1. Recognizes the importance of national regulations and policies dealing with the transfer and development of technology as a means of strengthening the scientific and technological capability of all countries, particularly the developing countries;

2. Invites the Secretary-General of UNCTAD to complete as soon as possible a report containing concrete proposals on common approaches to legislation and regulations dealing with the transfer, application and development of technology in developing countries; these proposals should take into account the special needs of developing countries, in particular the least developed among them; in preparing these proposals the Secretary-General should avail himself of expert advice from developing countries in the area of regulations in the field of transfer, application and development of technology;

3. Requests the Secretary-General of UNCTAD to submit the report mentioned in paragraph 2 above and the concrete proposals therein to the Committee on Transfer of Technology at its fourth session.

565th meeting
9 October 1981

241 (XXIII) Transfer application and development of technology:
issues in individual sectors and other areas of
critical importance to developing countries

The Trade and Development Board

Recalling paragraph 24 of resolution 112 (V) of 3 June 1979 of the United Nations Conference on Trade and Development requesting the Secretary-General of UNCTAD, in co-operation with the United Nations Industrial Development Organization and other relevant United Nations bodies, to organize and convene between the fifth and sixth sessions of the Conference up to three meetings of experts in order to identify problems and issues concerning the transfer, application and development of the technologies relating to the areas and sectors of food processing, energy, capital goods and industrial machinery, subject to approval by the Board and subject to the principles set out in paragraph 23 of the same resolution,

Recalling further that the Board, in paragraph 2 of its resolution 230 (XXII) of 20 March 1981, decided to consider at its twenty-third session the timing and terms of reference, similar to those outlined in paragraph 1 of that resolution, for the meetings of governmental experts on food processing and capital goods and industrial machinery, for a meeting of governmental experts on energy,

Noting that the Nairobi Programme of Action for the Development and Utilization of New and Renewable Sources of Energy adopted at the United Nations Conference on New and Renewable Sources of Energy contained as one of the areas for priority action "Transfer, adaptation and application of mature technologies" and recommended that the United Nations system should develop and implement programmes and projects in the areas for priority action, d/

1. Requests the Secretary-General of UNCTAD, in co-operation with the United Nations Industrial Development Organization, the United Nations Department of Technical Co-operation for Development, other relevant United Nations bodies and the International Atomic Energy Agency, to convene a meeting of governmental experts on energy, with the following terms of reference:

(a) To consider studies submitted to it and the views and comments thereon by Governments and relevant United Nations bodies;

(b) To identify and examine in depth the problems and issues concerning the transfer, application and development of technology in the energy sector, taking into account the interrelationships between the technological needs and development objectives of the developing countries, and make recommendations thereon for consideration by the Committee on Transfer of Technology, bearing in mind the role which the Nairobi Programme of Action for the Development and Utilization of New and Renewable Sources of Energy expects the organs, organizations and bodies of the United Nations system to play in the implementation of the Programme; and

d/ See Report of the United Nations Conference on New and Renewable Sources of Energy, Nairobi, Kenya, 10-21 August 1981 (United Nations publication, Sales No. E.81.I.24), chap. I.

(c) To report to the Committee on Transfer of Technology at its fourth session;

2. Decides that the meeting of governmental experts should be open to participation by all States members of UNCTAD and by competent intergovernmental organizations in accordance with rule 78 of the rules of procedure of the Trade and Development Board and requests the Secretary-General of UNCTAD to invite the relevant United Nations bodies to participate in the preparation and organization of the meeting.

565th meeting
9 October 1981

242 (XXIII) Technical co-operation among developing countries

The Trade and Development Board,

Recalling General Assembly resolution 33/151 of 20 December 1978 on reverse transfer of technology and resolution 7 (II) of the Committee on Transfer of Technology on development aspects of reverse transfer of technology, adopted on 15 December 1978,

Recalling further paragraph 7 (c) of resolution 102 (V) of 30 May 1979 of the United Nations Conference on Trade and Development on development aspects of the reverse transfer of technology,

Welcoming the invitation addressed to it by the High-level Committee on the Review of Technical Co-operation among Developing Countries at its second session and contained in paragraph 5 of its decision 2/4 on methodologies for promoting horizontal co-operation among developing countries in scientific and technological research, e/

1. Requests the Secretary-General of UNCTAD to prepare, in collaboration with the International Labour Organisation and other agencies concerned, and in the light of the action taken by the General Assembly at its thirty-sixth session on the report of the High-level Committee, an action-oriented study on the feasibility of the various proposals made in paragraph 62 of the UNCTAD secretariat study entitled "Development aspects of the reverse transfer of technology" f/ regarding the co-operative exchange of skills, including recommendations for further action, taking into account the decisions of the United Nations Conference on Technical Co-operation among Developing Countries and the views expressed by Governments in their consideration of the note by the UNCTAD secretariat g/ prepared for the High-level Committee at its second session, and to submit this study, through the Trade and Development Board, to the High-level Committee at its third session;

2. Invites the United Nations Development Programme to co-operate with UNCTAD and provide technical support in the preparation of the above study.

565th meeting
9 October 1981

e/ See Official Records of the General Assembly, Thirty-sixth Session, Supplement No. 39 (A/36/39), annex I.

f/ See Proceedings of the United Nations Conference on Trade and Development, Fifth Session, vol. III - Basic Documents (United Nations publication, Sales No. E.79.II.D.16.

g/ TCDC/2/INF/3.

243 (XXIII) Trade relations among countries having different economic and social systems and all trade flows resulting therefrom

The Trade and Development Board,

Recognizing once again the great importance of trade and economic co-operation among countries having different economic and social systems and all trade flows resulting therefrom,

Reaffirming resolutions 15 (II) of 25 March 1968, 53 (III) of 19 May 1972 and 95 (IV) of 31 May 1976 of the United Nations Conference on Trade and Development and considering it necessary to make efforts to continue to implement these resolutions

Recalling its resolution 220 (XXI) of 27 September 1980,

Bearing in mind the progress reached at its twenty-third session on further elaboration of the informal text annexed to that resolution,

1. Requests States members of UNCTAD to continue efforts aimed at the further expansion of trade relations among countries having different economic and social systems, bearing in mind the necessity to promote the economic development of developing countries;
2. Decides, to this end, to continue at its twenty-fifth session the consideration of the draft resolution on the basis, as appropriate, of the text annexed to the present resolution;
3. Considers it important for the UNCTAD secretariat to continue technical assistance activities in trade between the developing countries and the socialist countries of Eastern Europe with a view to ensuring support for technical assistance projects, including the comprehensive programme for the third programming cycle, 1982-1986, of the United Nations Development Programme, to be implemented in co-operation with the regional commissions of the United Nations and the International Trade Centre UNCTAD/GATT, particularly by expanding and improving advisory services to the developing countries.

565th meeting
9 October 1981

ANNEX

Informal text on agenda item 7 resulting from discussions held in the Contact Group of Sessional Committee II during the twenty-third session of the Trade and Development Board

The Trade and Development Board,

Recognizing that full respect for the independence, sovereignty and territorial integrity of every country, abstention from the threat or use of force against any State, non-interference in the internal affairs of other States, and the settlement by peaceful means of disputes among States are of the utmost importance for the success of international economic relations, and further recognizing that there should be concrete progress towards the goals of general and complete disarmament under effective international control, including the urgent implementation of measures of disarmament, which would release substantial additional resources which could be utilized for social and economic development, especially of the developing countries,

Noting that, although progress has been made in trade and economic relations between countries having different economic and social systems, nevertheless those relations could be further increased and improved,

Recalling the importance and relevance of Conference resolutions 15 (II) of 25 March 1968, 53 (III) of 19 May 1972 and 95 (IV) of 31 May 1976 to this agenda item and the need to implement them,

Convinced that relations between countries having different social and economic systems should be developed on the basis of equality, /non-discrimination,/ reciprocity and mutual advantage and that it is important to ensure appropriate conditions for the conduct of normal economic relations among the parties, irrespective of their social and economic systems,

Referring to the relevant proposals of developing countries members of the Group of 77 as contained in the Arusha Programme for Collective Self-Reliance and Framework for Negotiations, a/

Considering the urgent and important need for the developing countries to diversify, increase and improve their over-all economic and trade relations, and taking into account the present situation of the international economy, as well as the protectionist measures and pressures, it is necessary for the economic and trade relations between countries having different economic and social systems to be developed and strengthened in conformity with the objectives of the new international economic order,

Calling upon all countries to play an increasingly more active role in bringing about the early establishment of the new international economic order,

Emphasizing that among some of the elements which would contribute to the achievement of a greater and better economic relationship between developing countries and socialist countries of Eastern Europe are:

- (a) The need for planning trade by means of long-term agreements and contracts;
- (b) Consideration of comprehensive approaches to economic relations;
- (c) The greater capacity of the developing countries to formulate policies for foreign economic relations and to achieve their implementation;
- (d) Mutual expansion of trade based, among other measures, on the extension to the developing countries of non-reciprocal tariff preferences, and a greater impact of multilateral approaches,

I

1. Invites developing countries, socialist countries of Eastern Europe and developed market-economy countries to continue to implement Conference resolutions 15 (II), 53 (III) and 95 (IV) with the aim of intensifying their mutual trade and economic relations;

a/ See Proceedings of the United Nations Conference on Trade and Development, Fifth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.79.II.D.14), annex VI, sect. III, "Item 17 of the provisional agenda for the Fifth session of the Conference".

2. Calls on the partners in East-West trade to endeavour to intensify co-operation on the basis of equality, mutual advantage, reciprocity and non-discrimination and to take measures to remove economic, administrative, commercial and other obstacles in economic relations between these groups of countries, and not to permit the introduction of new restrictions;]

3. Calls on the partners in East-West trade to make efforts to diversify trade flows in both directions in order to eliminate the unbalanced nature of export-import patterns as well as imbalances in such trade, which might, in a number of instances, constitute an obstacle to the expansion of imports from the developing countries;]

4. Invites developing countries, socialist countries of Eastern Europe and developed market-economy countries to expand multilateral forms of economic co-operation and to continue to study the possibilities of, and thereafter to implement, tripartite economic co-operation in the fields, inter alia, of industry, energy, agricultural production, research and infrastructure, with the participation of developing countries, socialist countries of Eastern Europe and developed market-economy countries, paying particular attention to the specific problems of developing countries;

5. Notes in that context the useful role [that can be] played by bilateral agreements on commercial, economic, industrial and technical co-operation including, where appropriate, those of a long-term nature and stresses the importance of making [relevant] [complete] economic and commercial information available so that existing possibilities for co-operation can be fully developed;

6. Invites the countries participating in East-West trade, in expanding their trade and economic relations, to take fully into account the interests of developing countries in order to provide them with really positive trade possibilities;

II

1. Calls upon the socialist countries of Eastern Europe and the developing countries to give new impetus to their co-operation and to continue to expand the volume thereof by increasing the reliability of their mutual relations and by promoting their development;

2. Recommends that measures aimed at the establishment of new, and the improvement of existing, instruments for the promotion of economic trade relations between the socialist countries of Eastern Europe and the developing countries should embody the following provisions:

(a) The extension of the practice of long-term intergovernmental agreements covering potential areas of trade development with the developing countries, particularly in the field of manufactures and semi-manufactures, without prejudice to developing countries' traditional exports; in this manner developing countries will be aware of the potential that the socialist countries of Eastern Europe would have for their exports, with a view to enabling the developing countries to diversify their export trade;

(b) The elaboration on a bilateral basis of long-term programmes of economic, commercial and scientific and technical co-operation, which should encompass a wide range of sectors, define projects to be carried out, and include new spheres and forms of co-operation in addition to traditional ones;

(c) The adoption of measures to ensure that the execution of such programmes contributes to the further expansion of mutual trade and to greater balance in its composition through the extension of the range of goods delivered in each direction, and provides opportunities for a determined search for ways and means which include expansion in the developing countries of certain types of production for which local conditions are conducive;

(d) The expansion of assistance to developing countries in the exploitation of their natural resources under conditions which guarantee genuine sovereignty and respect for the legitimate rights of the co-operating parties;

(e) The encouragement, on the basis of measures ranging from extension to the developing countries of non-reciprocal tariff preferences to preferential duty-free entry, of purchases of the manufactures and semi-manufactures produced by the national industries of those countries; the continuation of efforts to improve and perfect the systems of preferences in the socialist countries of Eastern Europe, particularly through the application of the unified rules of origin in respect of goods from developing States;

(f) (i) Payments between the developing countries and the socialist countries of Eastern Europe should be made in convertible currency, except in those cases where the parties to the agreement express a preference for or interest in other special arrangements, such as the clearing account system;

(ii) If a clearing agreement is discontinued, settlement by the developing countries of credits foreseen to be effected in products should be made on terms which are just and equitable and which are mutually agreed;

(g) (i) Where parties to co-operation consider it advantageous, joint ventures should be promoted and established, particularly in the fields of industry, agriculture and trade; such joint ventures should be based on effective participation of nationals of developing countries and greater utilization of local materials;

(ii) The objective of such joint ventures should be to promote the industrialization of developing countries and to increase the exports of manufactured and semi-manufactured products from those countries.

3. Financial assistance

(a) The socialist countries of Eastern Europe should accelerate their financial assistance to developing countries with a view to meeting before the end of 1980 the target of 0.7 per cent for official development assistance set out in the International Development Strategy for the Second United Nations Development Decade.

(b) The socialist countries of Eastern Europe should adopt the necessary measures which would make the Special Fund of the International Investment Bank effective, so that its available resources would be provided to developing countries for the identification and financing of national, subregional and regional projects directly or through the regional development banks;

(c) Through this bank, the socialist countries of Eastern Europe should arrange and improve the use of resources earmarked for financial assistance to developing countries by, inter alia, increasing the share of convertible currencies therein and lowering the rates of interest levied on borrowings in convertible currency by developing countries./

3. (a) Notes the readiness of the socialist countries of Eastern Europe to develop further economic and technical co-operation with the developing countries which is aimed at the development of their national economies and the enhancement of their industrial, scientific and technical potential, and which also contributes to the further expansion of commercial and economic relations with the socialist countries of Eastern Europe on a long-term, stable and mutually beneficial basis;

(b) Recommends the continuation of the practice of including in agreements and contracts, when this is mutually acceptable and feasible, provisions on the repayment of loans by deliveries and the purchase on commercial terms of the output of enterprises which are built in developing States with the assistance of the socialist countries of Eastern Europe;

(c) Further recommends that, when specific problems arise, a search for mutually acceptable solutions should be conducted, on a bilateral basis, to questions of the volume and conditions of economic and technical co-operation and the related credits, including the repayment of such credits;/

4. Recommends also the continuation of efforts to improve the work of bilateral intergovernmental commissions (committees) of the socialist countries of Eastern Europe and the developing countries on commercial, economic and scientific and technical co-operation, with a view to further enhancing their role in the organization and administration of co-operation and in the determination of prospects for its development; adjustment and expansion of contacts between the planning organs of the socialist and the developing countries and between their chambers of commerce; and the provision to interested developing countries of assistance in the preparation of economic development plans and programmes, including the foreign trade sector;

5. Urges the encouragement of multilateral approaches in relations between the socialist countries of Eastern Europe and the developing countries, which will make possible further relations between one or several countries of one group and one or several countries of the other group, inter alia, through the corresponding secretariats of their economic groupings;

III

1. Requests the Secretary-General of UNCTAD:

(a) To intensify the existing technical assistance activities of UNCTAD in its capacity of an executing agency of the United Nations Development Programme, in close co-operation with the United Nations regional commissions, in order to respond more effectively to the requests and needs of the developing countries in this field, by organizing more specific training courses, by providing wider dissemination of practical trade and economic information and by expanding and

improving the advisory services to the developing countries when so requested, in order to assist them in the formulation and implementation of specific policies aimed at promoting and developing trade and economic co-operation with the socialist countries of Eastern Europe;

(b) To take steps to strengthen the services of the UNCTAD secretariat with a view to ensuring support for the technical assistance projects, including the UNDP/UNCTAD comprehensive programme for the third programming cycle, 1982-1986, of the United Nations Development Programme, to be implemented in co-operation with the regional commissions of the United Nations and the International Trade Centre UNCTAD/GATT;

(c) To continue to organize bilateral and multilateral consultations on specific issues not only at regular sessions of the Board but also outside its framework;

(d) Pursuant to Trade and Development Board decision 186 (XIX) of 17 October 1979, to report to the Board on action undertaken in implementing the various recommendations and requests contained in the present resolution;

2. Requests the United Nations Development Programme to increase its support of the activities mentioned in the present resolution;

3. Calls upon the socialist countries of Eastern Europe and the developing countries to take an active part, and upon the United Nations Development Programme, UNCTAD, the regional commissions of the United Nations and the International Trade Centre UNCTAD/GATT to provide all possible assistance in the execution of the technical assistance activities mentioned in paragraph 1 (b), of this section.

DECISIONS

236 (XXIII) Membership of the Working Party on the Medium-term Plan and the Programme Budget

The Trade and Development Board

1. Decides that the membership of the Working Party on the Medium-term Plan and the Programme Budget shall be for one year, starting with the calendar year 1982;
2. Further decides that in 1982 the members of the Working Party shall be the following 19 States: Argentina; Brazil; Canada; China; Finland; France; German Democratic Republic; Germany, Federal Republic of; Ghana; India; Indonesia; Japan; Libyan Arab Jamahiriya; Madagascar; Mexico; Poland; Qatar; Union of Soviet Socialist Republics; United States of America.

563rd meeting
7 October 1981

237 (XXIII) Sixth session of the United Nations Conference on Trade and Development: place, date and duration

The Trade and Development Board

1. Endorses the decision taken by the Latin American Group to hold the seventh session of the Conference in one of the countries in Latin America, on the understanding that the final decision on the venue in Latin America will be taken at the right time and in the right place. In this connection the Board takes note with interest of the desire of Cuba to host the seventh session of the Conference;
2. Agrees in principle to recommend to the General Assembly that the sixth session of the Conference be held in a country member State of the African Group, in keeping with the request of the Latin American Group and on the understanding that the final decision concerning the venue will be taken at the second part of the Board's twenty-third session h/ in the light of any offer of host facilities by a member country of the African Group.

564th meeting
8 October 1981

244 (XXIII) Review of the calendar of meetings

The Trade and Development Board

Approves the calendar of meetings for the remainder of 1981 and for 1982 and the tentative schedule for 1983 annexed to the present decision.

565th meeting
9 October 1981

h/ See part four below, resolution 245 (XXIII).

ANNEX

Calendar of meetings for the remainder of 1981 and for 1982
and tentative schedule of meetings for 1983 *

A. Calendar for the remainder of 1981

	<u>Date</u>
Working Group on International Shipping Legislation, eighth session	12-30 October
Working Party on the Medium-Term Plan and the Programme Budget, fourth session	26-30 October
Trade and Development Board, second part of twenty-third session <u>a/</u>	4 November
Intergovernmental Group of Experts on Restrictive Business Practices, first session	2-11 November
IPC - Intergovernmental Group of Experts on Research and Development for Tropical Timber	16-20 November
IPC - Intergovernmental Group of Experts on Improvement of Market Intelligence on Tropical Timber	23-27 November
Group of Experts on Problems faced by the Developing Countries in the Carriage of Bulk Cargoes, second session	30 November - 4 December
IPC - Third Preparatory Meeting on Meat	30 November - 4 December
Committee on Tungsten, thirteenth session	7-11 December
Preparatory Commission for the Common Fund for Commodities, Working Party II, second session	14-18 December

* Unless otherwise indicated, all meetings will be held at Geneva. Meetings in connection with the Integrated Programme for Commodities are preceded by the notation "IPC".

a/ To consider the report of the Working Party on the Medium-term Plan and the Programme Budget on its fourth session and other matters.

Meetings for which the dates are to be determined

	<u>Duration</u>
Committee on Economic Co-operation among Developing Countries, third session	2 weeks
Meeting of Representatives of Interested Governments on Bulk Cargo Shipments (Conference resolution 120 (V), para. 5)	1 week
Permanent Group on Synthetics and Substitutes, seventh session (if required)	1 week
United Nations Conference to Negotiate an International Arrangement to replace the International Wheat Agreement 1971, as extended, fourth part (if required)	Up to 4 weeks
United Nations Jute Conference, 1981, third part	1 week
IPC - Preparatory Meeting on Bauxite (if required)	1 week
IPC - Third Preparatory Meeting on Iron Ore (if required)	1 week
IPC - Third Preparatory Meeting on Phosphates (if required)	1 week
IPC - Seventh Preparatory Meeting on Copper (third part) or Eighth Preparatory Meeting on Copper (if required)	1 week
IPC - Intergovernmental Group of Experts on Manganese	1 week
IPC - Third Preparatory Meeting on Manganese	1 week
<u>Ad Hoc</u> Intergovernmental High-level Group of Experts on the Evolution of the International Monetary System, second session	1 week
* * *	
Other commodity conferences and commodity meetings	As required (Up to 17½ weeks)
Other working parties, study groups, expert groups	As required (Up to 8 weeks)

B. Calendar for 1982

	<u>Date</u>
Technical Committee of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT, eleventh session	18-22 January
Preparatory Commission for the Common Fund for Commodities, Working Party II, third session	25-29 January
Permanent Sub-Committee on Commodities, second session	1-5 February
Group of Governmental Experts on the Economic, Commercial and Developmental Aspects of Industrial Property in the Transfer of Technology to Developing Countries (decision 4 (II) of the Committee on Transfer of Technology)	1-10 February
Committee on Commodities, first special session	8-12 February
IPC - Group of Governmental Experts on Bananas	22-26 February
Working Party on the Medium-term Plan and the Programme Budget, fifth session	1-5 March
Trade and Development Board, twenty-fourth session	8-19 March
Joint Advisory Group on the International Trade Centre UNCTAD/GATT, fifteenth session	22-26 March
Preparatory Commission for the Common Fund for Commodities, Working Party I, second session	22-26 March
IPC - Intergovernmental Group of Experts on Tea, third session	22-26 March
IPC - Third Preparatory Meeting on Tea	29 March - 2 April
IPC - Sixth Preparatory Meeting on Tropical Timber	29 March - 8 April
Intergovernmental Preparatory Group on Conditions of Registration of Ships (resolution 43 (S-III), para. 2, of the Committee on Shipping)	13-30 April
Special Committee on Preferences, eleventh session and Working Group of Rules of Origin, ninth session <u>b/</u>	3-14 May

b/ The length and timing of these two sessions to be determined subsequently, under the consultation procedure established in Board decision 143 (XVI) and Board resolution 231 (XXII).

Date

Preparatory Commission for the Common Fund for Commodities, fourth session	17-28 May
Working Party on Trade Expansion and Regional Economic Co-operation among Developing Countries, second session	17-21 May
Meeting of Governmental Experts on the Transfer, Application and Development of Technology in the Food Processing Sector (Board resolution 230 (XXII))	1-9 June
Committee on Shipping, tenth session	14-25 June
Meeting of Governmental Experts on the Transfer, Application and Development of Technology in the Capital Goods and Industrial Machinery Sector (Board resolution 230 (XXII))	7-16 July
Committee on Invisibles and Financing related to Trade tenth session, first part (financing related to Trade)	21 July - 3 August
Working Party on the Medium-term Plan and the Programme Budget, sixth session	30 August - 3 September
Meeting of Governmental Experts on the Transfer, Application and Development of Technology in the Energy Sector (Board resolution 241 (XXIII))	30 August - 8 September
Trade and Development Board, twenty-fifth session	6-17 September
Committee on Invisibles and Financing related to Trade, tenth session, second part (invisibles: insurance)	20-24 September
Intergovernmental Group of Experts on the Feasibility of Measuring Human Resource Flows (Board resolution 227 (XXII))	30 September - 8 October
Committee on Manufactures, tenth session	4-15 October
Working Group on International Shipping Legislation, ninth session	1-12 November
Intergovernmental Group of Experts on Restrictive Business Practices, second session	15-26 November
Committee on Transfer of Technology, fourth session	29 November - 10 December

Meetings for which the dates are to be determined

	<u>Duration</u>
United Nations Sugar Conference, 1982, first part c/	3 weeks
United Nations Sugar Conference, 1982, second part	3 weeks
Committee on Tungsten (if required)	1 week
Permanent Group on Synthetics and Substitutes, seventh session (if required)	1 week
IPC - Resumed Sixth Preparatory Meeting on Cotton	1 week
IPC - (Preparatory) Meeting on Hard Fibres	1 week
Second Meeting of Multilateral and Bilateral Financial and Technical Assistance Institutions with representatives of the least developed countries (Board resolution 171 (XVIII), para. 2)	1½ weeks
Group of Governmental Experts on the Concepts of the Present Aid and Flow Targets, fourth session (Board decision 197 (XIX))	1½ weeks
Intergovernmental Group of Experts on an Export Credit Guarantee Facility (resolution 17 (IX) of the Committee on Invisibles and Financing related to Trade)	2 weeks
* * *	
Meetings included in the calendar for 1981 but not held in 1981	<u>Pro memoria</u>
* * *	
Commodity conferences and other commodity meetings	As required (Up to 28 weeks)
Working parties, study groups and expert groups	As required (Up to 2 weeks)

c/ For planning purposes, the Conference is tentatively scheduled for 13-30 April, at the request of the International Sugar Organization.

C. Tentative schedule for 1983

	<u>Date and duration</u>
Technical Committee of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT, twelfth session	January (1 week)
Joint Advisory Group on the International Trade Centre UNCTAD/GATT, sixteenth session	February/March (1 week)
Trade and Development Board, twenty-sixth session	March (2 weeks)
Special Committee on Preferences, twelfth session	April (1-2 weeks)
Trade and Development Board, twenty-seventh session	September (2 weeks)
Intergovernmental Group of Experts on Restrictive Business Practices, third session	October/November (1½ weeks)
* * *	
Working Party on the Medium-term Plan and the Programme Budget, seventh session	To be determined (1 week)
United Nations Conference on Trade and Development - Pre-Conference meeting - Sixth session	To be determined
Working Party on the Medium-term Plan and the Programme Budget, eighth session	To be determined
Sessions of two or three main committees	Throughout the year (1-2 weeks each)
Committee on Tungsten (if required)	1 week
Permanent Group on Synthetics and Substitutes (if required)	1 week
* * *	
Commodity conferences and other commodity meetings	As required (Up to 40 weeks)
Working parties, study groups and expert groups	As required (Up to 16 weeks)

OTHER DECISIONS TAKEN BY THE BOARD AT THE FIRST PART
OF ITS TWENTY-THIRD SESSION

(a) Treatment of Vanuatu and Belize for
purposes of elections i/

At its 554th meeting, on 28 September 1981, the Board decided that, pending action by the Conference at its sixth session in pursuance of paragraph 6 of General Assembly resolution 1995 (XIX) of 30 December 1964 as amended, Vanuatu, which had become a Member of the United Nations on 15 September 1981, should be treated as if it were in the group of countries listed in part A of the annex to that resolution, as amended. At the same meeting, it further decided that, Belize, which had become a Member of the United Nations on 25 September 1981, should be treated as if it were in the group of countries listed in part C of the annex to that resolution.

(b) Designation and classification of non-governmental
organizations for the purposes of rule 79 of the
rules of procedure of the Trade and Development
Board j/

At its 556th meeting, on 29 September 1981, the Board approved the applications by the following non-governmental organizations for designation under rule 79 of the rules of procedure of the Board for the purpose of that rule and rule 81 of the rules of procedure of the Conference and decided that they should be classified as follows:

General category

Centre Europe-Tiers Monde (CETIM)
International Council of Women (ICW)
Third World Foundation (TWF)

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

	<u>UNCTAD organ</u>
International Association of Dry Cargo Shipowners (INTERCARGO)	Committee on Shipping.

(c) Feasibility of producing an UNCTAD daily bulletin k/

At its 563rd meeting, on 7 October 1981, the Board decided that it did not wish to pursue further the matter of producing an UNCTAD daily bulletin, the feasibility of which it had requested the Secretary-General of UNCTAD to study in paragraph 25 of its resolution 231 (XXII) of 20 March 1981.

i/ See paras. 555 and 556 above.

j/ See para. 581 above.

k/ See para. 319 above.

(d) Arrangements for the review and appraisal of the implementation of the International Development Strategy for the Third United Nations Development Decade l/

At its 563rd meeting, on 7 October 1981, the Board decided to defer to a future session its consideration of arrangements for the review and appraisal of the implementation of the International Development Strategy for the Third United Nations Development Decade.

(e) Pattern of conferences: General Assembly resolution 35/10 of 3 November 1980 m/

At its 563rd meeting, on 7 October 1981, the Board decided that:

(a) In 1982, it would hold its twenty-fourth regular session in March and its twenty-fifth regular session at the beginning of September;

(b) In 1983, it would hold one session before the sixth session of the Conference, scheduled for the Spring of 1983, and one session after the Conference;

(c) The matter raised in paragraph 4 of General Assembly resolution 35/10 A would be referred to the Conference at its sixth session.

(f) Question of holding a session of the Board at ministerial level before the sixth session of the Conference n/

At its 564th meeting, on 8 October 1981, the Board decided to consider at the second part of its twenty-third session the question of holding a session of the Board at ministerial level before the sixth session of the Conference.

(g) Trade and economic aspects of disarmament o/

At its 565th meeting, on 9 October 1981, the Board took note of the statement by the representative of the Secretary-General of UNCTAD on the meetings of the Group of Governmental Experts on the Relationship between Disarmament and Development at which UNCTAD was represented as an observer. It noted that the Group had concluded its work and adopted a final report. p/

The Board decided to consider at its twenty-fifth session the future activity of UNCTAD in this area in the light of the recommendations of the special session of the General Assembly on disarmament, to be held in 1982.

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- l/ See para. 583 above.
m/ See para. 603 above.
n/ See para. 599 above.
o/ See paras. 553 and 534 above.
p/ A/36/356 and Corr.1, annex.

(h) In-depth study of the world inflationary phenomenon q/

At its 565th meeting, on 9 October 1981, the Board noted the intention of the Secretary-General of UNCTAD to provide it with an in-depth study of the world inflationary phenomenon, in response to General Assembly resolution 34/197 of 19 December 1979, and agreed to consider the report at its twenty-fifth session.

(i) Membership of the Intergovernmental Group of Experts on an Export Credit Guarantee Facility r/

At its 565th meeting, on 9 October 1981, the Board noted the agreement that the Intergovernmental Group of Experts on an Export Credit Guarantee Facility would be open to participation by all States members of UNCTAD.

Other action taken by the Board

1. At its 556th meeting, on 29 September 1981, the Board:

(a) Took note of the report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its fourteenth session, s/ as well as of the comments made thereon;

(b) Took note of the report of the United Nations Commission on International Trade Law on its fourteenth session. t/

2. At its 563rd meeting, on 7 October 1981, the Board decided to refer draft resolution TD/B/L.360 on the interdependence of problems of trade, development finance and the international monetary system to its twenty-fourth session for further consideration and appropriate action. u/

3. At its 565th meeting, on 9 October 1981, the Board:

(a) Decided to consider further at its twenty-fourth session the question of protectionism in the services sector (Conference resolution 119 (V)); v/

(b) Remitted to its twenty-fourth session the issue of multilateral trade negotiations (Conference decision 132 (V)), together with draft resolution TD/B(XXIII)/SC.I/L.7/Rev.1 w/ and the introductory statement made by the representative of the Secretary-General of UNCTAD x/ at the 4th meeting of Sessional Committee I; y/

q/ See para. 250 above.

r/ See para. 594 above.

s/ ITC/AG(XIV)/75, distributed under cover of document TD/B/867. (See para. 525 above.)

t/ Official Records of the General Assembly, Thirty-sixth Session, Supplement No. 17 (A/36/17), circulated under cover of document TD/B/868. (See para. 527 above.)

u/ See para. 249 above.

v/ See para. 331 above.

w/ For the text of the resolution, see annex II below.

x/ For the text of the statement, see annex III below.

y/ See para. 358 above.

(c) Decided to remit to its twenty-fourth session consideration of draft resolution TD/L.195 on transnational corporations and international commodity trade; z/

(d) Took note of the report of the Special Committee on Preferences on its tenth session, aa/ endorsed resolution 7 (X) adopted by the Committee, and agreed to reconvene the Working Group on Rules of Origin; bb/

(e) Took note of the Report of the Ad Hoc UNCTAD/UNIDO Group of Experts on Trade and Trade-related Aspects of Industrial Collaboration Arrangements on its second session, cc/ endorsed the recommendation that the UNCTAD and UNIDO secretariats should continue their work on industrial collaboration arrangements as set out in Conference resolution 96 (IV) and decided to review this matter at its twenty-fourth session; dd/

(f) Adopted the report of the Committee on Shipping on its third special session ee/ and, in so doing, approved the inclusion in the calendar of meetings of a meeting of an Intergovernmental Preparatory Group on Conditions of Registration of Ships; ff/

(g) Decided to refer draft decision TD/B/L.606 gg/ on access by developing countries to international capital markets to its twenty-fourth session for further consideration and appropriate action; hh/

(h) Agreed to recommend to the General Assembly new levels of servicing for the Working Party on the Medium-term Plan and the Programme Budget and for the Working Group on International Shipping Legislation; ii/

(i) Decided to take up at the second part of its twenty-third session the question of including in the calendar of meetings for 1982 a further session of the Meeting of Governmental Experts of Developing Countries on Economic Co-operation among Developing Countries; jj/

(j) Approved the provisional agenda for its twenty-fourth session and (at its 564th meeting, on 8 October 1981) authorized the President, in consultation with the Secretary-General of UNCTAD, to adjust it, as necessary, in the light of developments; and requested the Secretary-General of UNCTAD to consult with delegations regarding the organization of work of the session and to circulate his suggestions thereon; kk/

z/ See para. 365 above.

aa/ Official Records of the Trade and Development Board, Twenty-third Session, Supplement No. 2 (TD/B/853).

bb/ See para. 393 above.

cc/ Official Records of the Trade and Development Board, Twenty-third Session, Annex agenda item 9 (a), document TD/B/862.

dd/ See para. 406 above.

ee/ Official Records of the Trade and Development Board, Twenty-third Session, Supplement No. 3 (TD/B/855).

ff/ See para. 417 above.

gg/ For the text of the draft decision, see annex II below.

hh/ See para. 250 above.

ii/ See para. 594 above.

jj/ See para. 595 above.

kk/ See paras. 600-601 above.

ANNEX II

Texts remitted for further consideration by the Board

A. DRAFT RESOLUTIONS REFERRED TO THE TWENTY-FOURTH SESSION OF THE BOARD

Developments in the international trading system a/

Draft resolution submitted by Gabon on behalf
of States members of the Group of 77
[TD/B(XXIII)/SC.I/L.7/Rev.1]

The Trade and Development Board,

Recalling the International Development Strategy for the Third United Nations Development Decade, adopted by the General Assembly in its resolution 35/56 of 5 December 1980, in which it was decided that the rules and principles governing the functioning of international trade would be kept under review so as to ensure the steady growth of trade under equitable and secure conditions,

Noting the discussions in the Board, pursuant to Conference decision 132 (V) of 3 June 1979, and discussions in the Committee on Manufactures and in the Committee on Commodities at their ninth sessions, pursuant to the Board's request in decision 214 (XX) of 25 March 1980, which called upon them to examine, within their competence, developments in international trade arising from the implementation of the results of the multilateral trade negotiations, in particular its impact on the trade of developing countries, taking into account the need to further the interests of these countries,

Reaffirming its request in decision 214 (XX) that, in particular, the Secretary-General of UNCTAD should follow closely the work in GATT,

1. Agrees to undertake annually a review of developments in the international trading system covering, in particular, the rules and principles governing the functioning of such system, including the impact of the implementation of the agreements and arrangements resulting from the multilateral trade negotiations;
2. Agrees also that, in undertaking the review mentioned above, the Board will formulate suggestions and take decisions on improvements of the international trading system;
3. Reiterates its decision 229 (XXII) of 20 March 1981 containing the request to the Secretary-General of UNCTAD and the United Nations Development Programme to continue their activities in assisting developing countries, including their textile sectors, in the consultations and negotiations on pending problems of the international trading system.

a/ See para. 358 above.

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, c/ Madagascar, Mauritius, Nigeria, Rwanda, Senegal, the Sudan, Uganda, the Upper Volta, and Zaire

[TD/B/L.360]

Transnational corporations and international commodity trade d/

Draft resolution submitted by the German Democratic Republic on behalf of Bulgaria, the Byelorussian Soviet Socialist Republic, Czechoslovakia, the German Democratic Republic, Hungary, Mongolia, Poland, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics

[TD/L.195]

b/ See para. 249 above. The text of this draft resolution is contained in the report of the Board on the first part of its fourteenth session, Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 15 (A/9615/Rev.1), annex II.

c/ Now Libyan Arab Jamahiriya.

d/ See para. 365 above. The text of this draft resolution is contained in Proceedings of the United Nations Conference on Trade and Development, Fifth Session, Vol. I - Report and Annexes (United Nations publication, Sales No. E.79.II.D.14), annex I, D.

B. DRAFT DECISION REFERRED TO THE TWENTY-FOURTH SESSION OF THE BOARD

Access to capital markets by developing countries e/

Draft decision submitted by Gabon on behalf of
States members of the Group of 77

[TD/B/L.606]

The Trade and Development Board,

Taking into account the discussions on agenda items 3 and 4 of its twenty-third session, in particular the concern expressed regarding the financial situation of developing countries,

Bearing in mind the obstacles encountered by the developing countries in financial markets,

Reaffirming the importance of improved access to capital markets by developing countries,

1. Requests the Secretary-General of UNCTAD when preparing the documentation provided for by decision 16 (IX) of 11 July 1980 of the Committee on Invisibles and Financing related to Trade, to evaluate the present conditions for the access of developing countries to capital markets, especially in the light of the level of interest rates, and their impact on debt servicing and the balance-of-payments situation of developing countries;

2. Requests the Committee on Invisibles and Financing related to Trade to pay particular attention, at its tenth session, to the terms and conditions for improved access to capital markets by developing countries.

e/ See para. 250 above.

Multilateral trade negotiations

(Conference decision 132 (V))

Statement by the Director of the Manufactures Division,
on behalf of the Secretary-General of UNCTAD, at
the 4th meeting of Sessional Committee I,
on 1 October 1981 a/

1. By now, you will have all undoubtedly read many analyses and evaluations of the results of the MTN. I refer not only to the documentation prepared for the fifth session of the Conference, for the Board, and for the Committee on Manufactures and the Committee on Commodities, as well as to the report of the Director-General of GATT on the results of the Tokyo Round, but also to the wide range of materials prepared by other international organizations, by Governments, and by academic institutions. Some of these studies have examined the totality of the MTN results; others have concentrated on certain aspects, for example, the tariff concessions, individual agreements, the changes in the institutional structure, etc. These various analyses have drawn conclusions which have tended to differ considerably.
2. When the first attempts at an evaluation of the MTN were presented in UNCTAD forums in 1979, spokesmen for certain countries emphasized that the MTN results did not lend themselves to a static analysis, as an assessment of the effects of tariff reductions and the various agreements could only be undertaken after there had been several years' experience of their implementation. While the experience of two years may be rather short, I would nevertheless like to make the following comments and observations in the light of both the many analyses which have been undertaken and of what can be deduced from developments so far.
3. My basic conclusion is that, in assessing the over-all results of the MTN, it is necessary to look beyond the mere sum of the parts, i.e., the tariff reductions, agreements on non-tariff measures, understandings and so on, and to examine the extent to which the MTN and related developments have resulted in a new framework or system for international trade relations. Analysts have made reference to a post-MTN system or GATT/MTN system. Regardless of the terminology used, it is clear that international trade relations are being conducted within the framework of a system which presents different characteristics from that which existed in 1973 when the Tokyo Declaration was drawn up.
4. The main characteristics of the present setting would seem to be the following:
 - (a) There has been a decline in the importance of fixed measures of protection, especially customs duties. The incidence of those which remain, however, tends to be greater on imports from developing countries;
 - (b) There is now greater reliance upon mechanisms of flexible protection, under which restrictions or other measures can be applied when specific conditions exist;

a/ Originally circulated as TD/B(XXIII)/SC.I/IIisc.1 (see para. 358 above).

(c) The application of these mechanisms, however, depends upon interpretation of various criteria or terms, and such interpretation has been influenced by a tendency toward what has been termed "managed" trade;

(d) Unconditional most-favoured-nation treatment has, to all intents and purposes, ceased to be the guiding principle of international trade relations.

5. I should like to elaborate further upon these characteristics I have just identified. In particular, I should like to comment both upon their underlying causes and upon possible implications for the future conduct of international trade relations.

Uneven decline in fixed protective devices

6. The MTN resulted in further reductions in tariff rates. The average for the major developed market-economy countries now was of the order of 7 per cent for both agricultural and industrial products. Residual quantitative restrictions and other discriminatory non-tariff measures have also been gradually liberalized. This decline in the importance of fixed measures of protection, however, has not been evenly distributed. Preliminary work by the secretariat indicates that, in the major developed market-economy countries, the trade-weighted MFN tariff for imports from developing countries is far greater than for their imports from the world. In fact, it has been found that the average tariff facing exports from developing countries is frequently two to three times that applied to imports from industrialized countries. Similarly, the remaining residual quantitative restrictions are concentrated on product categories where developing countries are major suppliers.

7. My impression is that this situation arises from primarily two factors:

(a) The developing countries have not been able to exercise the bargaining power necessary to achieve tariff concessions on products where they are principal or substantial suppliers; and

(b) Developed market-economy countries have been unwilling to make or seek tariff reductions on products for which they have lost, or are rapidly losing, their comparative advantage in international trade.

This situation would seem to arise from a negotiation process based essentially upon the concept of "reciprocity" and "mutual balance of advantages", developing countries having little to offer to extract major concessions.

Flexible measures for protection and the criteria governing them

8. The decline in the levels of fixed protection, through tariff reductions and the phasing-out of residual quantitative restrictions and other discriminatory non-tariff measures, has been accompanied by a greater reliance on mechanisms for flexible protective measures which can be imposed when certain conditions are met - a system which has been described as "contingent" protection. It was undoubtedly in recognition of this tendency that so much importance was attributed by the main participants in the MTN to negotiations on subsidies and countervailing measures, the revision of the Anti-Dumping Code, and the multilateral safeguard system. As you are all aware, the negotiations on safeguards did not result in a new multilateral agreement, with the result that important protective measures, such as so-called

"voluntary" export restraints, are left outside the GATT legal framework. Other flexible measures for applying protection, such as variable levies or "trigger price" arrangements on steel, were not dealt with in the MTN, nor were measures covered by the Arrangement regarding International Trade in Textiles (ITFA), which institutionalizes "contingent" protection for a whole sector of international trade of crucial importance to developing countries.

9. What are some of the implications of this dependence on "flexible" measures of protection? Firstly, unlike tariff rates, these measures do not represent a "mutual balance of advantage" deriving from negotiations conducted on the basis of reciprocity. Their introduction and maintenance depends upon the application and interpretation of certain criteria, the situation in the importing countries and the characteristics of the imports themselves. As a consequence, the interpretation of the various terms used to describe the conditions justifying the introduction of these measures has become an issue of fundamental importance in international trade relations. I refer to such expressions as "serious injury", "injury", "material injury", "serious damage", "market disruption" as well as the "threat" or "real risk" thereof, which relate to the situation existing in the importing country; as well as those relating to the terms defining the countries or products against which such action can be taken, such as "subsidized", "dumped", "prices substantially lower than those prevailing in the importing country", "disruptive", "unfair", and so on. Various combinations of these concepts are used to provide the legal or, at least, political justification to introduce protective measures over and above bound tariff rates. Even the term "competitive" can be used to justify the withdrawal of GSP treatment.

10. These terms or criteria will, to some extent, become defined by so-called "case law". The post-MTN system provides for the development of such "case law" through heavy reliance on impartial panels or experts both in the general GATT context and within the various Agreements. The "case law" approach results in the definition of terms as a result of the interpretation agreed upon in a given instance. This interpretation then becomes the basis for future cases. One can foresee a problem here, since such "case law", defining concepts justifying the implementation of protective measures in particular instances on the basis of disputes between a relatively small number of countries, might not be appropriate in general and hence might not lend itself to universal application.

11. The question arises as to what extent this increase in legalism will lead to more effective discipline in the resort to trade-restrictive measures. It does appear that the MTN Agreements define the circumstances in which certain non-tariff measures may be applied. On the other hand, they do not necessarily make it more difficult to apply such measures. The concern to provide more flexibility for taking protective action seems to have been equally as important as, if not more important than, the striving to liberalize trade. Attempts to give more precision to criteria for imposing restrictions, most importantly that of "injury", seem to have encountered somewhat less success than efforts to define the manner in which restrictive action could be taken, including through "agreement" between the exporting and importing country concerned.

12. This brings us to the issue of so-called "managed" trade. By managed trade, I refer to import régimes which may not present high levels of protection in the traditional tariff sense, but are mechanisms which "manage" the extent and nature of import competition, for example, by ensuring that imported products do not exceed a certain percentage of the domestic market, or that they are offered for sale at prices which do not threaten the profit margins of domestic producers. In other words, the importing country dictates the quantities and prices of imported products sold on its domestic market.

13. One could say that the MTN itself contained the "managed" trade concept to the extent that certain Agreements provided the basis for the "management" of prices or other factors for trade in a particular sector. Moreover, at the same time as the MTN, other arrangements were developed to manage trade outside the GATT framework. In consequence, with trade in sectors as important as steel, textiles, motor vehicles and bovine meat being managed, there is an obvious temptation for this approach to extend to other sectors.

14. What are the reasons underlying the trend toward reliance on flexible measures for protection, including "managed" trade? The answer would appear to be the failure of the current system to provide the legal mechanism for dealing adequately with shifts in comparative advantage from one country or group of countries to another. The agreements for "managed" trade are based on concepts foreign to the pre-MTN system, i.e., that trade must be conducted at the price level prevailing in the importing country, that there are "unacceptable levels of market penetration", that countries have the right to maintain "minimum viable production", that there are certain countries whose imports are by nature "low cost" and thus disruptive. I am not seeking to support or condemn the concept that trade should be managed; my concern is that if trade is to be managed, it should be managed according to multilaterally agreed rules, based on sound economic foundations, and, above all, be equitable in their application.

15. Many studies consider that the increased legal detail for international trade relations has led not only to more discipline in the resort to restrictive measures but also to a more effective framework for the conciliation of trade disputes. However, the growing tendency to take restrictive measures which fall outside the constraints provided by GATT/MTN by so-called "voluntary" export restraint raises the question, are the rules of the post-MTN system only intended to be applied in minor cases? The consequence of this is that those of major importance are dealt with on a political basis, outside the legal framework, and are based on power relationships rather than legal considerations.

"Conditional MFN"

16. It is quite clear that in the post-MTN system the principle of unconditional most-favoured-nation treatment no longer can be considered as the "cornerstone" of international trade relations. Even before the MTN most of the major trading countries applied different import régimes to different sectors and for different supplying countries. Invariably, some countries were favoured over others, either because they were members of a customs union or free trade area, or because they had accepted "an equivalent level of rights and obligations" in GATT. In addition, in some cases, a contradictory situation arose in that the identification of other countries deserving preferential tariff treatment (i.e., their lower levels of development) also provided a basis for the application on a discriminatory basis of quantitative restrictions (i.e., "low-cost suppliers"). Such differentiation was done either under the GATT Articles, or through "legal cover" such as waivers or equivalent devices. The MTN, moreover, witnessed the resurrection of the so-called "conditional" MFN clause, which differed from these earlier discriminatory régimes in that more favourable (or less favourable) treatment was not justified on the basis of established criteria but simply on the fact that a country had or had not accepted certain new obligations on a reciprocal basis. Although the MTN Agreements themselves do not require a conditional application of the advantages contained therein, it is clear that some signatories intend to apply them on such a basis. This would appear to raise the danger of "contagion", with other countries following suit and its application in other areas, including those where future negotiations are being seriously contemplated.

17. The obvious question arises as to why the unconditional clause, which had been defended vociferously over so many years - especially in the face of the proliferation of customs unions and free trade agreements, as well as the establishment of the GSP - was allowed to become increasingly more irrelevant. I believe that the answer lies in an implicit recognition by the major economic powers that the original GATT system could never be applied effectively in a universal context. Hence, we are witnessing different régimes for trade between different categories of countries and within different product sectors.

Conclusions

18. In my preceding comments, I have attempted to identify those characteristics of the post-ITN system which most clearly differentiate it from that existing when the Tokyo Declaration was adopted. The negotiating activity pursuant to the Declaration, as well as that carried out in parallel, primarily addressed the problems existing in 1973 which appeared to be most dangerous to the system at that time.

19. One can look at the post-ITN system from two perspectives. One is that, through pragmatic ad hoc adaptations, the system has, to a large extent, overcome those problems and is responding to the needs of a changing international economic environment. Much has been said as to how the existence of international rules and principles has supported Governments in their resistance to protectionist pressures, and how much worse the situation could have been had this not been the case.

20. On the other hand, the other, perhaps more pessimistic, view would question how long a system can be maintained on the basis of lip-service to its general rules and principles when, in reality, the main role of the juridical framework appears to be that of bestowing legality - and even then not in all cases - upon measures which conflict with these rules and principles. Under these rules and principles, international trade is seen as primarily impeded only by tariffs, which should be bound through multilateral negotiation, with all concessions and other favours and advantages being extended on an unconditional "most-favoured-nation" basis, with the exception that developing countries are to receive more favourable treatment. In reality, a completely different system is developing, in that to an ever-increasing extent trade is being managed through flexible mechanisms affecting the quantities and prices of imports, advantages are being exchanged among limited groups of countries, and developing countries are receiving less favourable rather than preferential treatment.

21. The time may have come for serious reflection. Can the present system be maintained indefinitely on an ad hoc basis, responding to strains when they arise - one might say by plugging holes and painting over scratches? Has the time not come to at least begin to conceive of a new system of a more universal, comprehensive and coherent nature? It may be recalled that the Tokyo Declaration provided that consideration be given to improvements in the international framework for the conduct of world trade which might be desirable in the light of progress in the negotiations. Perhaps the time has come to approach the problem from the opposite perspective, that is, to conduct negotiations with the object of improving the international framework.

22. To devise such an approach, however, we need to face clearly the problems to be confronted. The General Agreement on Tariffs and Trade was negotiated over a relatively short period because the drafters clearly understood what they were trying to accomplish, i.e., to prevent a recurrence of the protectionism and discrimination of the 1920s and 1930s. We live in a more dynamic era and our task is perhaps more difficult - that of devising a system which will not only reflect the realities of international trade relations but also more effectively ensure that trade does, in fact, provide an effective mechanism for economic development.

23. In future, any trade relations system will have to be prepared to provide a response to the following questions:

- (i) Should trade be "managed"; if so, according to what criteria?
- (ii) Are there "unacceptable" degrees of market penetration; if so, at what levels? (This would require an examination of what really constitutes injury, or damage or market disruption);
- (iii) How should countries adjust to shifts in comparative advantage from one group of countries to another?
- (iv) How can a legal framework be devised providing equivalent benefits for countries at different levels of development and/or maintaining differing social and economic systems?
- (v) How can a negotiating system be established which can somehow compensate smaller and economically weaker countries for their lack of bargaining power;
- (vi) What should be the role of Governments and enterprises in the control of trade, including control through the use of trade-restricting measures such as restrictive business practices?

24. I opened this statement by explaining that my comments were based upon what could be derived from a wide range of analyses of the results of the MTN and the developments so far in their implementation. I feel that there has been too great a tendency in these analyses to draw value judgements, and perhaps even to oversimplify. This has not been the purpose of my intervention. The results of the MTN might be considered a failure, a great success or somewhere in between, depending on the country concerned.

25. My assertion, however, is that the post-MTN trade relations system contains basic contradictions. I believe that these contradictions must be resolved, if international trade is to continue to grow and to provide the means for accelerating economic development.

26. I would recall that among the principal functions of the UNCTAD are those of:

- (a) Formulating principles and policies on international trade and related problems for economic development; and

(b) Making proposals for putting the said principles and policies into effect and taking such other steps within its competence as may be relevant to this end, having regard to differences in economic systems and stages of development.

27. I would propose that we take this opportunity to begin to consider what new, or revised, principles and policies would be necessary to resolve the contradictions in the post-WFH international trading system and provide the bases for an improved, more comprehensive, more realistic, universal system. The Board is the most appropriate forum for a discussion of these questions, frankly and without commitment by any participant. Such discussions could pave the way for the eventual establishment of an improved system.

ANNEX IV

Financial implications of the actions of the Board

A. Increased levels of servicing for the Working Party on the Medium-term Plan and the Programme Budget and for the Working Group on International Shipping Legislation a/

In section C of document TD/B/L.597, on the servicing of certain UNCTAD meetings, proposals are made to increase the level of services authorized for the Working Party on the Medium-term Plan and the Programme Budget from one six-language team to one six-language team and a caucus team and that of the Working Group on International Shipping Legislation from one six-language team and a caucus team to two six-language teams and a caucus team. The financial implications of these proposals are:

(a) Working Party on the Medium-term Plan and the Programme Budget: an additional caucus team for each one week of meetings - \$21,000;

(b) Working Group on International Shipping Legislation: an additional six-language team for each two weeks of meetings - \$70,000.

B. Intergovernmental Preparatory Group on Conditions of Registration of Ships b/

(Resolution 43 (S-III) of the Committee on Shipping)

1. In resolution 43 (S-III) the Committee on Shipping recommends that the Trade and Development Board convene during the first half of 1982 an intergovernmental preparatory group on the question of open-registry fleets and that the Board invite, upon completion of the work of the intergovernmental group, the General Assembly to convene a conference of plenipotentiaries.

2. The intergovernmental preparatory group, which would be convened in Geneva in 1982, is estimated to require one team and a caucus team of interpreters in six languages, three conference rooms and 200 pages of documentation in all, and on that basis the cost of convening the intergovernmental group for a three-week period is estimated to be \$258,000.

3. The financial implications of a conference of plenipotentiaries are estimated to be \$244,000 based on the following assumptions: the conference would be convened in Geneva for a period of two weeks, would be serviced in six languages, requiring two teams and a caucus team of interpreters, would require four conference rooms, and would be provided with a total of 150 pages of documentation.

a/ Substance of TD/B/L.597/Add.1 (see para. 594 above).

b/ Annex III of the report of the Committee on Shipping on its third special session, originally issued as TD/B/C.4/L.152/Add.1. For the report, see Official Records of the Trade and Development Board, Twenty-third Session, Supplement No. 3 (TD/B/855). See also para. 417 above.

ANNEX V

Provisional agenda for the twenty-fourth session of the Board a/

1. Procedural matters:
 - (a) Election of officers ;
 - (b) Adoption of the agenda and organization of the work of the session ;
 - (c) Adoption of the report on credentials ;
 - (d) Provisional agenda for the twenty-fifth regular session of the Board and organization of the work of the session .
2. Specific matters arising from the resolutions, recommendations and other decisions adopted by the Conference at its fifth session requiring attention or action by the Board at its twenty-fourth session .
3. Evaluation of the world trade and economic situation and consideration of issues, policies and appropriate measures to facilitate structural changes in the international economy, taking into account the interrelationships of problems in the areas of trade, development, money and finance with a view to attaining the establishment of a new international economic order and bearing in mind the further evolution that may be needed in the rules and principles governing international economic relations .
4. Interdependence of problems of trade, development finance and the international monetary system .
5. Implementation of Trade and Development Board resolution 165 (S-IX) on the debt and development problems of developing countries .
6. Sixth session of the United Nations Conference on Trade and Development: preparations for the session .
7. Protectionism and structural adjustment .
8. Matters requiring action by the Board arising from or related to reports and activities of its subsidiary and other bodies .
9. Progress in the implementation of specific action related to the particular needs and problems of island developing countries .

a/ As approved by the Board at its 565th meeting, on 9 October 1981 (see para. 601 above). Subject to finalization at the second part of the twenty-third session in view of the decision pending concerning the question of holding a session at ministerial level.

10. Institutional, organizational, administrative and related matters:

- (a) Treatment of new States members of UNCTAD for purposes of elections;
- (b) Announcement of any changes in the membership of the Board and election to membership of main Committees ;
- (c) Designation of intergovernmental bodies for the purposes of rule 78 of the rules of procedure;
- (d) Designation and classification of non-governmental organizations for the purposes of rule 79 of the rules of procedure ;
- (e) Rationalization of the permanent machinery of UNCTAD ;
- (f) Supplementary conference services for UNCTAD (Board decision 233 (XXII), paragraph 3);
- (g) Review of the calendar of meetings;
- (h) Financial implications of the actions of the Board;
- () ...

/To be completed as necessary/

11. Other business.

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

ANNEX VI

Membership of the Trade and Development Board. a/

Afghanistan	Guinea	Qatar
Algeria	Guyana	Republic of Korea
Angola	Haiti	Romania
Argentina	Honduras	Saudi Arabia
Australia	Hungary	Senegal
Austria	India	Sierra Leone
Bangladesh	Indonesia	Singapore
Barbados	Iran	Somalia
Belgium	Iraq	Spain
Benin	Ireland	Sri Lanka
Bolivia	Israel	Sudan
Brazil	Italy	Suriname
Bulgaria	Ivory Coast	Sweden
Burma	Jamaica	Switzerland
Burundi	Japan	Syrian Arab Republic
Byelorussian Soviet Socialist Republic	Jordan	Thailand
Canada	Kenya	Togo
Central African Republic	Kuwait	Trinidad and Tobago
Chad	Lebanon	Tunisia
Chile	Liberia	Turkey
China	Libyan Arab Jamahiriya	Uganda
Colombia	Liechtenstein	Ukrainian Soviet Socialist Republic
Costa Rica	Luxembourg	Union of Soviet Socialist Republics
Cuba	Madagascar	United Arab Emirates
Cyprus	Malaysia	United Kingdom of Great Britain and Northern Ireland
Czechoslovakia	Mali	United Republic of Cameroon
Democratic People's Republic of Korea	Malta	United Republic of Tanzania
Democratic Yemen	Mauritania	United States of America
Denmark	Mauritius	Upper Volta
Dominican Republic	Mexico	Uruguay
Ecuador	Mongolia	Venezuela
Egypt	Morocco	Viet Nam
El Salvador	Netherlands	Yemen
Ethiopia	New Zealand	Yugoslavia
Finland	Nicaragua	Zaire
France	Nigeria	Zambia
Gabon	Norway	
German Democratic Republic	Oman	
Germany, Federal Republic of	Pakistan	
Ghana	Panama	
Greece	Papua New Guinea	
Grenada	Peru	
Guatemala	Philippines	
	Poland	
	Portugal	

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a/ See paras. 553-554 above.

ANNEX VII

Membership of the main committees of the Board a/Committee on Commodities

Algeria	Liberia
Argentina	Libyan Arab Jamahiriya
Australia	Madagascar
Austria	Malaysia
Bangladesh	Malta
Belgium	Mauritius
Bolivia	Mexico
Brazil	Morocco
Bulgaria	Netherlands
Burundi	New Zealand
Canada	Nicaragua
Central African Republic	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
Democratic Yemen	Romania
Denmark	Rwanda
Dominican Republic	Saudi Arabia
Ecuador	Senegal
Egypt	Spain
El Salvador	Sri Lanka
Ethiopia	Sudan
Finland	Sweden
France	Switzerland
Gabon	Syrian Arab Republic
German Democratic Republic	Thailand
Germany, Federal Republic of	Togo
Ghana	Trinidad and Tobago
Greece	Tunisia
Guatemala	Turkey
Guinea	Uganda
Honduras	Union of Soviet Socialist Republics
Hungary	United Kingdom of Great Britain and Northern Ireland
India	United Republic of Cameroon
Indonesia	United Republic of Tanzania
Iran	United States of America
Iraq	Upper Volta
Ireland	Uruguay
Israel	Venezuela
Italy	Viet Nam
Ivory Coast	Yemen
Jamaica	Yugoslavia
Japan	Zaire
Jordan	
Kenya	

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a/ See paragraph 582 above.

Committee on Manufactures

Algeria	Libyan Arab Jamahiriya
Argentina	Madagascar
Australia	Malaysia
Austria	Mali
Bangladesh	Malta
Belgium	Mauritius
Bolivia	Mexico
Brazil	Morocco
Bulgaria	Netherlands
Canada	New Zealand
Central African Republic	Nicaragua
Chile	Nigeria
China	Norway
Colombia	Pakistan
Costa Rica	Panama
Cuba	Peru
Czechoslovakia	Philippines
Democratic People's Republic of Korea	Poland
Democratic Yemen	Qatar
Denmark	Republic of Korea
Dominican Republic	Romania
Ecuador	Saudi Arabia
Egypt	Senegal
El Salvador	Singapore
Ethiopia	Spain
Finland	Sri Lanka
France	Sudan
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	Yemen
Jordan	Yugoslavia
Kenya	Zaire
Liberia	

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Committee on Invisibles and Financing related to Trade

Algeria	Kuwait
Argentina	Lebanon
Australia	Liberia
Austria	Libyan Arab Jamahiriya
Bangladesh	Madagascar
Belgium	Malaysia
Bolivia	Mali
Brazil	Malta
Bulgaria	Mexico
Burundi	Morocco
Canada	Netherlands
Central African Republic	New Zealand
Chad	Nicaragua
Chile	Nigeria
China	Norway
Colombia	Pakistan
Costa Rica	Panama
Cuba	Peru
Czechoslovakia	Philippines
Democratic People's Republic of Korea	Poland
Democratic Yemen	Qatar
Denmark	Republic of Korea
Dominican Republic	Romania
Ecuador	Saudi Arabia
Egypt	Senegal
El Salvador	Spain
Ethiopia	Sri Lanka
Finland	Sudan
France	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
Ireland	Upper Volta
Israel	Uruguay
Italy	Venezuela
Ivory Coast	Viet Nam
Jamaica	Yemen
Japan	Yugoslavia
Jordan	Zaire
Kenya	

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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 Republic	New Zealand
Chile	Nicaragua
China	Nigeria
Colombia	Norway
Costa Rica	Pakistan
Cuba	Panama
Cyprus	Peru
Czechoslovakia	Philippines
Democratic People's Republic of Korea	Poland
Democratic Yemen	Portugal
Denmark	Qatar
Dominican Republic	Republic of Korea
Ecuador	Romania
Egypt	Saudi Arabia
El Salvador	Senegal
Ethiopia	Spain
Finland	Sri Lanka
France	Sudan
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	Yemen
Jordan	Yugoslavia
Kenya	Zaire
Kuwait	
Lebanon	

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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	Nicaragua
Chile	Nigeria
China	Norway
Colombia	Pakistan
Costa Rica	Panama
Cuba	Peru
Czechoslovakia	Philippines
Democratic People's Republic of Korea	Poland
Democratic Yemen	Qatar
Denmark	Republic of Korea
Ecuador	Romania
Egypt	Saudi Arabia
El Salvador	Senegal
Ethiopia	Sierra Leone
Finland	Somalia
France	Spain
German Democratic Republic	Sri Lanka
Germany, Federal Republic of	Sudan
Ghana	Sweden
Greece	Switzerland
Guatemala	Syrian Arab Republic
Honduras	Thailand
Hungary	Trinidad and Tobago
India	Tunisia
Indonesia	Turkey
Iran	Union of Soviet Socialist Republics
Iraq	United Arab Emirates
Ireland	United Kingdom of Great Britain and Northern Ireland
Israel	United Republic of Cameroon
Italy	United Republic of Tanzania
Ivory Coast	United States of America
Jamaica	Upper Volta
Japan	Venezuela
Jordan	Viet Nam
Kenya	Yemen
Kuwait	Yugoslavia
Liberia	Zaire
Libyan Arab Jamahiriya	

(91)

Committee on Economic Co-operation among Developing Countries

Algeria	Malaysia
Argentina	Malta
Australia	Mauritius
Austria	Mexico
Bangladesh	Morocco
Belgium	Netherlands
Bolivia	New Zealand
Brazil	Nicaragua
Bulgaria	Nigeria
Canada	Norway
Central African Republic	Oman
Chile	Pakistan
China	Panama
Colombia	Peru
Costa Rica	Philippines
Cuba	Poland
Czechoslovakia	Qatar
Democratic People's Republic of Korea	Republic of Korea
Democratic Yemen	Romania
Denmark	Saudi Arabia
Ecuador	Senegal
Egypt	Somalia
El Salvador	Spain
Ethiopia	Sri Lanka
Finland	Sudan
France	Suriname
Gabon	Sweden
German Democratic Republic	Switzerland
Germany, Federal Republic of	Syrian Arab Republic
Ghana	Thailand
Greece	Togo
Guatemala	Trinidad and Tobago
Guyana	Tunisia
Honduras	Turkey
India	Uganda
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
Jamaica	Uruguay
Japan	Venezuela
Jordan	Viet Nam
Kenya	Yemen
Kuwait	Yugoslavia
Lebanon	Zaire
Liberia	Zambia
Libyan Arab Jamahiriya	
Madagascar	

(98)

Part Four

REPORT OF THE TRADE AND DEVELOPMENT BOARD ON
THE SECOND PART OF ITS TWENTY-THIRD SESSION

Held at the Palais des Nations, Geneva,
from 4 to 6 November 1981

INTRODUCTION

1. The second part of the twenty-third session of the Trade and Development Board was held from 4 to 6 **November 1981 in order to consider the report of the Working Party on the Medium-term Plan and the Programme Budget on its fourth session (agenda item 9 (d)) and other pending matters (agenda items 1 (e), 2, 6 and 11 (e)).**
2. The present report contains an account of the Board's proceedings at the second part of its twenty-third session. 1/
3. Before placing before the Board the substantive items of business at the second part of the session, the President invited the Secretary-General of UNCTAD to address the Board concerning his participation at the Cancún summit meeting of Heads of State or Government and on other matters of concern to UNCTAD.
4. The Secretary-General of UNCTAD, responding to the President's statement and noting the great interest in various recent international events, said that he had had the privilege of accompanying the Secretary-General of the United Nations, who had been invited as a special guest to the International Meeting on Co-operation and Development held at Cancún, Mexico, on 22 and 23 October 1981. As part of the Secretary-General's team, he had been present at the initial meeting and also during the discussion of certain specific subjects, such as those concerning commodities, trade and industrialization.
5. He did not believe that any assessment he could make would be vastly different from what had already been heard or seen. As he had expected, Cancún had not been a forum for any in-depth examination of issues or for settling them. The Governments participating at Cancún were conscious of the fact that they represented only part of the international community and they had not sought to take decisions for the whole community. The meeting had, however, contributed to creating a better awareness at the highest levels of the importance of North-South issues and also, perhaps, a better climate for the future. There had been a risk of a sharp clash of views and a rise in tensions, which would have made the aftermath of Cancún more difficult than the situation before. The very fact that there had been no impasse at Cancún was in itself a contribution.
6. He felt that the mood was positive after the meeting and believed the participants themselves felt that the event had been a useful one and were relatively satisfied, given their own expectations. At least for the immediate post-Cancún phase, a certain momentum had been created, with a greater willingness to address problems of importance in the North-South context. If this mood was captured and utilized, the Cancún meeting might prove to be a good augury or launching-pad for future events. He did not get the impression, however, that at Cancún there had been, overnight, a radical alteration of views or a reversal of positions on several issues on which views had been expressed with much candour.

1/ For a fuller account of the proceedings see the summary records of the 567th-569th meetings (TD/B/SR.567-569).

7. He was particularly encouraged that UNCTAD issues and activities had received considerable attention. The discussion on trade had stressed two basic issues: protectionism and the stabilization of commodity markets. Some of the participants had specifically expressed the intention or decision of their Governments to ratify the Agreement establishing the Common Fund for Commodities. Attention had focused on the need to speed up the process of stabilizing commodity markets, and mention had been made of stabilizing commodity earnings. In the summing up by the Co-Chairmen, reference had been made to these UNCTAD issues and to the need to make progress on a new international grains agreement and to improve the Generalized System of Preferences. The reference to the agreement on the need to complete procedures for bringing the Common Fund into operation was particularly striking. In that connection, he was pleased to note that 69 countries had so far signed the Agreement.

8. As regards the question of global negotiations, which had received considerable attention prior to and at the meeting, the summary by the Co-Chairmen contained a negotiated text reflecting give-and-take. In that summary it was stated that the "Heads of State and Government confirmed the desirability of supporting at the United Nations, with a sense of urgency, a consensus to launch global negotiations on a basis to be mutually agreed and in circumstances offering the prospect of meaningful progress. Some countries insisted that the competence of the specialized agencies should not be affected." ^{2/} Although many of the basic issues of the global negotiations had still to be negotiated and resolved, there seemed now to be a general commitment to launch the negotiations. It was expected that an attempt would be made to reach a consensus at the United Nations and that the General Assembly would take up the matter shortly.

9. He believed that UNCTAD should try to capture the spirit of Cancún and move forward. Issues would come up in a variety of forums, and each forum should give of its best. UNCTAD itself should turn to the issues it had under consideration with renewed vigour and a greater sense of urgency than before.

10. Mr. Corea said that after Cancún he had addressed the Second Committee of the General Assembly on the results of the United Nations Conference on the Least Developed Countries and on other UNCTAD matters, including the issues raised in the Trade and Development Report, 1981, on which there had been extensive discussion at the first part of the Board's current session. The President of the Paris Conference, responding to an invitation by the Conference, had also addressed the Second Committee.

11. Turning to the issues before the resumed session of the Board, he noted that the question of a ministerial session was among them. He remained convinced that a ministerial session would be useful. Apart from the institutional decisions on this subject taken at Nairobi and at Manila, it was necessary for UNCTAD, and for all other relevant forums, to respond to the momentum created after Cancún. He hoped that the Board would give the issue of a ministerial session the fullest consideration. There appeared now to be substantive and political reasons for such a meeting, as an important link in a chain of events that would unfold over the years to come and lead up to UNCTAD VI.

^{2/} A/36/631 and Corr.1, annex, para. 9.

CHAPTER I

MATTERS REQUIRING ACTION BY THE BOARD ARISING FROM OR RELATED TO REPORTS AND ACTIVITIES OF ITS SUBSIDIARY AND OTHER BODIES: MEDIUM-TERM PLAN AND PROGRAMME BUDGET (Agenda item 9 (d))

12. Under this agenda item the Board had before it the report of the Working Party on the Medium-term Plan and the Programme Budget on its fourth session (TD/B/WP/L.8 and Add. 1-5, as amended and completed by TD/B/L.611). ^{3/}
13. The report of the Working Party was introduced at the 567th meeting, on 4 November 1981, by its Chairman, who drew attention to the recommendations of the Working Party. Noting that the Working Party had considered both the proposed UNCTAD medium-term plan 1984-1989 and the technical assistance activities of UNCTAD, he said that while there had been a useful general discussion of the latter subject, time had been too short to do justice to all the questions raised. For that reason the Working Party had decided to include the item again on the agenda of its next session.
14. The representative of Jamaica, referring to the points made by the Chairman of the Working Party, ^{4/} pointed to the lack of consensus and to the lack of discussion in the Board. He referred particularly to the proposal whereby the Secretary-General of UNCTAD, when revising as appropriate the proposed medium-term plan, should do so in the light of the discussions in the Working Party. He said that that should not be taken as a precedent in dealing with this matter. It was clear from the report of the Working Party that there were widely divergent views on the content of the proposed plan. It appeared that more views had been expressed by individual delegations of one Group which appeared to vary or weaken the mandates agreed upon by resolutions of the Conference and of the Board, as interpreted in the proposed plan, than had been expressed in maintaining the mandates by individual members of other Groups, although these statements were made in the name of the Groups. That imbalance in the report should not lead the Secretary-General of UNCTAD, in taking account of the points of view expressed by members of the first Group referred to, to modify the mandates of the General Assembly, the Conference or the Board. While the value of the report of the Working Party might well lie in the fact that it reflected different views, nevertheless it was important that the Secretary-General of UNCTAD, while noting the various views expressed, should be guided only by the mandates contained in the resolutions and the decisions of the General Assembly, the Conference and the Board and not by the interpretations given by particular delegations or Groups.

^{3/} The report of the Working Party on its fourth session will be circulated in provisional form as TD/B/WP(IV)/Misc.2 and subsequently issued as Official Records of the Trade and Development Board, Twenty-third Session, Supplement No. 4 (TD/B/882).

^{4/} Paras. 271-277 of the report of the Working Party (paras. 1-7 of TD/B/L.611).

Action by the Board

15. At the same meeting (567th), the Board endorsed the recommendations of the Working Party and accordingly:

(a) Took note of the report of the Working Party on its fourth session;

(b) Authorized the Secretary-General of UNCTAD to make such revisions to the draft medium-term plan 1984-1989 as considered appropriate in the light of the discussions in the Working Party;

(c) Decided to inform the relevant United Nations organs that it had been unable to establish agreed relative priorities to be accorded to the various subprogrammes of the medium-term plan;

(d) Requested the Secretary-General of UNCTAD to transmit the report of the Working Party on its fourth session to the appropriate United Nations bodies for their consideration, together with the comments thereon. (See annex I below, Other decisions, (a)).

16. The spokesman for Group B said that the countries of her Group which had participated in the fourth session of the Working Party had appreciated the positive character of the deliberations of the Working Party. She had had occasion then to note that Group B countries participating in the Working Party were convinced that the medium-term plan was potentially a useful tool for achieving a more rational use of the resources at UNCTAD's disposal, but that it remained to be seen whether the Working Party could realize that potential.

17. Group B regretted that the Working Party had been unable to define more clearly the substance, duration and priorities among the programmes proposed in the medium-term plan. Nevertheless, it hoped and expected that the many comments and suggestions made by all delegations during the session of the Working Party would be fully taken into account by the secretariat in revising the proposed plan. In particular, it looked forward to seeing, in the revised plan, a careful attempt to distinguish those activities for which UNCTAD had a clear mandate from proposed activities for which UNCTAD as yet had no mandate. Her Group had heard no objection to that proposal during the session, and noted that the secretariat had committed itself to preparing a revised medium-term plan in the light of the Working Party's examination of the original document. It requested the secretariat to give members of the Working Party an opportunity to examine the revised medium-term plan before it was forwarded to the Committee for Programme and Co-ordination and other relevant central bodies of the United Nations. In any event, it expected that the comments and suggestions of all delegations relating to specific UNCTAD programmes would be fully taken into account by CPC, the Advisory Committee on Administrative and Budgetary Questions and the General Assembly when those bodies came to consider the medium-term plan, and that all those bodies would give appropriate attention to those comments when scrutinizing the UNCTAD sections of the over-all United Nations medium-term plan. Group B was particularly concerned that the UNCTAD secretariat should not assume that any version of the medium-term plan constituted a basis for future programme budgets. In that connection, she said she did not need to reiterate the views already expressed by Group B countries on the need for budgetary restraint.

18. She added that Group B countries participating in the Working Party were concerned over several sections of the proposed medium-term plan, as reflected in its report. For example, while Group B strongly favoured action for the least developed countries, as envisaged by the Paris Conference, **5/ it believed that the Substantial New Programme of Action for the least developed countries reflected in a well articulated and balanced manner the follow-up to the Conference and UNCTAD's role in that process.** Group B was concerned to maintain the solutions found at the ministerial level in respect of the SNPA and therefore urged the UNCTAD secretariat to adhere strictly to the mandate which it received in Paris. Her Group also regretted that the secretariat had not provided financial indications of the staffing and other requirements for UNCTAD to assist in the implementation of the SNPA in the biennium 1982-1983, as well as in the medium-term plan period 1984-1989.

19. In addition to these considerations, Group B countries participating in the Working Party believed that its fourth session had initiated a potentially very useful discussion of the technical assistance activities of UNCTAD. It believed UNCTAD might have, in the past, underestimated the importance of its own technical assistance over the years. Group B believed that such assistance warranted special attention by the international community.

20. In conclusion, she said that the questions and comments by a number of delegations in the Working Party had elicited a body of information and insights that warranted continuing attention in UNCTAD. Her Group particularly welcomed the decision of the Working Party to continue its consideration of technical assistance at its next session, with a view to establishing guidelines that would direct the UNCTAD technical co-operation programme more toward development-oriented programmes and activities.

21. The spokesman for the Group of 77 said that, in order to evaluate the work of the Working Group, the issues before it, particularly the medium-term plan for 1984-1989, had to be placed in perspective. The plan was an input for a broader exercise which the United Nations had undertaken for all economic and social activities and it had therefore been essential to gear the input to the over-all framework established for the purpose. In an organization such as UNCTAD and in the **current** unsettled circumstances, the value of such a plan was not so much in looking ahead as in taking stock, at a given point in time, of the existing mandates and pinpointing the main guidelines for the future. Again, those over-all main guidelines should form a sufficiently flexible framework that could be adjusted to future decisions. It should not be forgotten that, in addition to the current session of the General Assembly, the sixth session of the Conference, which was not so far off, would inevitably have an impact on the programme of work.

22. The secretariat had, therefore, had the difficult task of reflecting the existing decisions as faithfully as possible within the framework given to it, while using a modicum of foresight, without which the plan would lose all value. In the opinion of the Group of 77, the results achieved did indeed reflect the main guidelines which oriented UNCTAD activities and were set within the International Development Strategy.

23. The Working Group had had a very thorough discussion of nearly all UNCTAD's substantive programmes. There were, however, two points on which the position of the Group of 77 should be fully understood. The first concerned the revision of the text in the light of the discussions on the draft plan. In that connection, the secretariat had stated very clearly on several occasions that any changes, particularly substantive changes, should reflect the over-all views - if not a more formal consensus - that emerged, rather than the positions of individual countries or of

5/ For the report of the United Nations Conference on the Least Developed Countries, held in Paris from 1-14 September 1981, see A/CONF.104/21.

groups, which would be set forth in the report of the Working Group. The Group of 77 endorsed that approach. However, it wished to point out that the differences which had come to light on various occasions with regard to the interpretation of the mandates relating to some substantive issues, such as the programme for the least developed countries, monetary and financial issues or other programmes, had not been resolved.

24. The second point concerned the question of priorities. The experience of the work of the Working Group's fourth session merely confirmed the scepticism of the Group of 77 with regard to the chances, particularly in the current circumstances, of reaching formal agreement on the relative importance of a particular subprogramme. As the Group of 77 had pointed out during the general debate in the Working Group, the priorities should flow quite naturally from the decisions taken by the Board as well as by the Conference or the General Assembly.

25. With regard to technical assistance activities, the spokesman for the Group of 77 observed that there had not been enough time to do more than engage in a mere general exchange of views. The report reflected the position of the Group of 77 regarding the importance it attached to that type of activity within UNCTAD and to its competence in the light of its mandates and those of the relevant bodies of the United Nations. The issues discussed suggested that a fruitful discussion would take place when the Working Group reverted to the matter at its fifth session.

26. The representative of Sudan, commenting on the remarks by the spokesman for Group B concerning the role of UNCTAD in the follow-up to the United Nations Conference on the Least Developed Countries and the monitoring and review procedures set out in chapter III of the Substantial New Programme of Action adopted by that Conference, stated that in his view the UNCTAD secretariat was fully competent to perform the functions envisaged in programme VIII of the proposed medium-term plan (TD/B/WP/17/Add.1). Indeed, his delegation considered that, without such support from UNCTAD, it would be impossible to ensure effective monitoring and review. He also emphasized the need for UNCTAD's assistance in the substantive preparation of the individual country review meetings.

CHAPTER II

SPECIFIC MATTERS ARISING FROM THE RESOLUTIONS, RECOMMENDATIONS AND OTHER DECISIONS ADOPTED BY THE CONFERENCE AT ITS FIFTH SESSION REQUIRING ATTENTION OR ACTION BY THE BOARD AT ITS TWENTY-THIRD SESSION: CONFERENCE RESOLUTION 114 (V) ON INSTITUTIONAL ISSUES (Agenda item 2)

27. At the second part of its twenty-third session the Board had before it an addendum to the note by the Secretary-General of UNCTAD which was before it at the first part of the session (TD/B/L.595), supplementing the information provided at the first part of the session on implementation by the UNCTAD secretariat of the provisions of Board resolution 231 (XXII) on rationalization of the permanent machinery of UNCTAD. The addendum (TD/B/L.595/Add.1) related to paragraph 26 of that resolution concerning the issuance to member States in Geneva of periodic listings of all personnel vacancies and the agreement of United Nations Headquarters in that regard, which had been received too late for circulation at the first part of the session.

28. The representative of the Libyan Arab Jamahiriya, referring to section X of Board resolution 231 (XXII), noted that the note by the Secretary-General of UNCTAD (TD/B/L.595) gave an account of the product, actual or forthcoming, of the research effort of the UNCTAD secretariat, inter alia, with respect to the Trade and Development Report, the Occasional Papers and the Reprint Series. In his view, however, the spirit of paragraph 29 of resolution 231 (XXII) was that, within available resources, the secretariat should seek to strengthen its research capacity by restructuring research activities and reinforcing its professional work, and not merely disseminate more widely the results of its research. He hoped that future progress reports would pay attention to this aspect.

29. He added that, in order to ensure the quality of Arabic interpretation, it was to be hoped that the number of permanent Arabic interpreters in Geneva would be increased, with correspondingly less reliance on free-lance interpreters. Similarly, in order to avoid differences he had observed in the quality of translation from one document to another, the Arabic translation section should be appropriately strengthened.

30. He welcomed the fact that the secretariat had taken the initiative of issuing a progress report on implementation of Board resolution 231 (XXII) and expressed the hope that it would continue to submit such reports to each regular session of the Board.

Action by the Board

31. At its 567th meeting, on 4 November 1981, the Board took note of the note by the Secretary-General of UNCTAD on implementation by the secretariat of Board resolution 231 (XXII) (TD/B/L.595 and Add.1) and of the comments made thereon at the second part of its twenty-third session.

CHAPTER III

SIXTH SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT: PLACE, DATE AND DURATION (Agenda item 6)

32. At the first part of its twenty-third session, in its decision 237 (XXIII), the Board agreed that the final decision concerning the venue of UNCTAD VI would be taken at the second part of its twenty-third session, in the light of any offer of host facilities by a member country of the African group.

33. At the 568th meeting, on 5 November 1981, the representative of Gabon, referring to Board decision 237 (XXIII), said that his country, which was a developing country of Africa poor in human and material resources, had decided, in order to help UNCTAD to undertake its responsibilities, to offer to host UNCTAD VI. Accordingly, he was pleased, on behalf of the Government and Head of State of Gabon, to invite the Conference to be held **at Libreville, Gabon**, in the period May/June 1983. In issuing this invitation, his Government was aware of the magnitude of the task involved and would do all in its power, with the help of all members of the Organization, to ensure that the Conference was a success.

34. The spokesman for the African Group said that the members of his Group unanimously supported the offer of Gabon to host UNCTAD VI. In this connection, he noted that the Government and people of Gabon were well known in the African continent for **their warm hospitality and organizational ability. Africa was indeed happy to welcome the Conference, for the second time in less than 10 years.** In conclusion, he expressed his deep gratitude to the Government and people of Gabon.

35. The President introduced a draft resolution (TD/B/L.612) which he had submitted as a result of his informal consultations in the Contact Group, indicating a number of revisions to the text.

Action by the Board

36. At the same meeting, the Board adopted the draft resolution submitted by the President, as orally revised by him (for the text, see annex I below, resolution 245 (XXIII)). 6/

6/ The text of the resolution as adopted was circulated to the Board in document TD/B/381.

CHAPTER IV

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS (Agenda items 1 (e), 11 (e) and 13)

A. Opening of the second part of the twenty-third session

37. The second part of the twenty-third session of the Trade and Development Board was opened on 4 November 1981 by the President of the Board, Mr. H. A. Dabbagh (Kuwait).

B. Membership and attendance 7/

38. The following State members of UNCTAD, members of the Board, were represented at the second part of the twenty-third session:

Algeria	Ghana	Republic of Korea
Argentina	Greece	Romania
Australia	Grenada	Saudi Arabia
Austria	Guatemala	Senegal
Bangladesh	Hungary	Singapore
Belgium	India	Somalia
Bolivia	Indonesia	Spain
Brazil	Iran	Sri Lanka
Bulgaria	Iraq	Sudan
Burma	Ireland	Sweden
Burundi	Israel	Switzerland
Byelorussian Soviet Socialist Republic	Italy	Syrian Arab Republic
Canada	Ivory Coast	Thailand
Chile	Jamaica	Togo
China	Japan	Trinidad and Tobago
Colombia	Jordan	Tunisia
Costa Rica	Kuwait	Turkey
Cuba	Lebanon	Ukrainian Soviet Socialist Republic
Czechoslovakia	Libyan Arab Jamahiriya	Union of Soviet Socialist Republics
Democratic People's Republic of Korea	Luxembourg	United Arab Emirates
Democratic Yemen	Madagascar	United Kingdom of Great Britain and Northern Ireland
Denmark	Malaysia	United Republic of Tanzania
Dominican Republic	Malta	United States of America
Ecuador	Mexico	Uruguay
Egypt	Morocco	Venezuela
El Salvador	Netherlands	Yugoslavia
Ethiopia	Nicaragua	Zaire
Finland	Nigeria	
France	Norway	
Gabon	Oman	
German Democratic Republic	Pakistan	
Germany, Federal Republic of	Peru	
	Philippines	
	Poland	
	Portugal	
	Qatar	

39. The United Nations Industrial Development Organization and the United Nations Development Programme were represented at the session.

7/ For the list of participants see TD/B/INF.112.

40. 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

The General Agreement on Tariffs and Trade was also represented.

41. The following intergovernmental organizations were represented at the session:

Arab Organization for Agricultural Development
European Economic Community
European Free Trade Organization
Intergovernmental Committee for Migration
Organisation for Economic Co-operation and Development
Organization of American States
Organization of African Unity

42. The following non-governmental organizations were represented at the session:

General category:

Christian Democratic World Union
International Bar Association
International Confederation of Free Trade Unions
International Law Association
World Confederation of Labour

Special category:

International Air Transport Association

43. The Palestine Liberation Organization participated pursuant to General Assembly resolution 3237 (XXIX).

C. Provisional agenda for the twenty-fourth regular session of the Board and organization of the work of the session
(Agenda item 1 (e))

44. At the first part of its twenty-third session, the Board decided to defer until the second part of the session consideration of the question of holding a session of the Board at ministerial level before the sixth session of the Conference. 8/

Action by the Board

45. At the 568th meeting, on 5 November 1981, the President informed the Board of the consultations he had in this connection since the first part of the session, and which he intended to continue.

46. At the same meeting, the Board took note of the understanding of the President that Governments were aware of the procedures that existed for convening a ministerial session of the Board at any time in 1982, should developments in the near future so warrant (see annex I below, Other decisions, (b)).

47. The Board thus confirmed the provisional agenda for the twenty-fourth regular session, as set out in annex V of its report on the first part of the session, with the deletion of the second sentence of the footnote. 9/

D. Review of the calendar of meetings
(Agenda item 11 (e))

48. Under this agenda item, the Board had before it a note by the UNCTAD secretariat (TD/B/L.610 and Add.1) containing suggestions for adjustments to the calendar of meetings for 1982 approved by the Board in its decision 244 (XXIII).

49. At the 569th meeting, on 6 November 1981, the President stated that agreement had been reached in his informal consultations in the Contact Group on all of the calendar adjustments suggested, with the exception of the inclusion of a third session of the Meeting of Governmental Experts of Developing Countries on Economic Co-operation among Developing Countries which had been requested by the Group of 77 (TD/B/L.610, sect. 3).

50. The spokesman for Group B said that the members of his Group, with the exception of Turkey, would not be able to agree to any decision to schedule a further session of the Meeting of Governmental Experts of Developing Countries on Economic Co-operation among Developing Countries. The President had done his utmost in informal consultations to achieve a consensus on this matter, and had nearly succeeded. Group B regretted that, in the end, consensus had not been possible.

8/ See part three above, para. 599.

9/ For the provisional agenda as confirmed by the Board, see annex II below.

51. The spokesman for the Group of 77 expressed regret that, despite the concessions his Group had been prepared to make in this matter, consensus had not been possible. The matter would therefore have to be put to the vote.

Action by the Board

52. At the same meeting, the Board approved the adjustments to the calendar of meetings for 1982 suggested in sections 1 and 2 of document TD/B/L.610 and sections 1 and 2 of document TD/B/L.610/Add.1, and decided, by a roll-call vote of 54 votes to 20, with 7 abstentions, 10/ to include in the calendar for 1982 provision for a third session of the Meeting of Governmental Experts of Developing Countries on Economic Co-operation among Developing Countries (see annex I below, decision 246 (XXIII)). 11/

53. The spokesman for the Group of 77 drew attention to the understanding reached in the President's Contact Group that *the President should undertake consultations* with a view to arriving at a generally acceptable solution to the problems underlying the activities within UNCTAD on economic co-operation among developing countries.

54. The President stated that he was ready to undertake the consultations that had been requested on the understanding that this was the wish of all members of the Board. 12/

55. The spokesman for Group D said that his Group considered that questions related to the calendar of meetings should be decided by consensus. That had unfortunately not been the case in the present instance and therefore the members of Group D had been obliged to abstain in the vote. His Group considered that economic co-operation

10/ The result of the vote was as follows:

In favour: Argentina, Bangladesh, Bolivia, Brazil, Burma, Chile, China, Colombia, Cuba, Democratic People's Republic of Korea, Dominican Republic, Ecuador, Egypt, El Salvador, Gabon, Ghana, Guatemala, India, Indonesia, Iraq, Jamaica, Jordan, Kuwait, Lebanon, Libyan Arab Jamahiriya, Madagascar, Malaysia, Malta, Mexico, Morocco, Nigeria, Pakistan, Peru, Philippines, Qatar, Republic of Korea, Romania, Saudi Arabia, Senegal, Singapore, Sri Lanka, Sudan, Syrian Arab Republic, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, United Arab Emirates, United Republic of Tanzania, Uruguay, Venezuela, Yugoslavia, Zaire.

Against: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Federal Republic of, Ireland, Israel, Italy, Japan, Luxembourg, Netherlands, Norway, Spain, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, German Democratic Republic, Poland, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics.

11/ For the calendar of meetings as revised, incorporating these adjustments, see TD/B/INF.110/Rev.1.

12/ For action by the Board in this respect, see para. 66 below.

among developing countries was an important instrument for facilitating the socio-economic progress of the developing countries, and an issue that should be dealt with in the Committee on Economic Co-operation among Developing Countries. In that connection, he referred to the reservations expressed by Group D at Manila with respect to paragraphs 13 and 15 of Conference resolution 127 (V) to the effect that the principle of universality and equality of States should be strictly observed. 13/

56. Group D considered that the modalities for conducting activities relating to economic co-operation among developing countries in UNCTAD should be the subject of further consultations, and was hopeful that the consultations which it was envisaged the President should undertake would make it possible to resolve such issues as the right of all States to participate in UNCTAD meetings on this subject and the question of making available to all States members of UNCTAD the documentation for and the final reports of those meetings.

57. The representative of Israel stated that the position of his country, as a developing country, in support of ECDC was well known, as was the implementation and realization of that concept through his country's extended economic and technical co-operation with a large number of developing countries in different continents. His delegation wished nonetheless to reiterate its firm view, set out, inter alia, at the twentieth and twenty-first sessions of the Board, 14/ that activities and programmes on economic co-operation among developing countries within the framework of UNCTAD, including the proposed meeting of governmental experts of developing countries, should be open to participation by all developing countries on the basis of the principles of sovereign equality and universality.

58. The spokesman for the Group of 77 said that his Group regretted that it had been necessary to proceed to a vote on this issue, as this went against the UNCTAD practice of working by consensus. The members of his Group were ready to engage in consultations between the current session and the twenty-fourth session, chaired by the President of the Board, to examine activities relating to economic co-operation among developing countries within UNCTAD and trusted that these consultations would have a favourable outcome.

59. The spokesman for Group B said that his Group shared the regret of other groups that the Board had to have recourse to a vote on the question of ECDC. Participants in the discussions on this matter during the session were aware how much effort had been made and how close to agreement they had come on a procedure for inserting the proposed meetings of governmental experts of developing countries in the calendar.

60. Group B had often drawn attention to the importance of ECDC and considered that UNCTAD had a focal role to play in that regard. It was one of the principal ways of assisting the development process among the developing countries. Group B therefore welcomed wholeheartedly the President's intention of conducting consultations with all groups, which was one of the most constructive and positive elements to emerge from the current session.

13/ See Proceedings of the United Nations Conference on Trade and Development, Fifth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.79.II.D.14), part two, para. 250.

14/ See Official Records of the General Assembly, Thirty-fifth Session, Supplement No. 15 (A/35/15), vol. I, part two, para. 152, and vol. II, para. 442.

61. There was no need for him to dwell at length on the point of principle to which Group B attached so much importance. Others had already pointed out that activities in the field of ECDC should be conducted with the agreement and support of all. All members of UNCTAD should be associated with the decision-making process. He wished to reiterate once more the insistence of his Group on the principles of universality and sovereign equality, which were the basis of all United Nations activities, including those related to ECDC. Group B countries did not consider that they could relinquish their attachment to those principles, especially in the light of the consultations which the President would be holding. They considered that nothing should be decided at the **current** session which would prejudice the outcome of these consultations.

62. The Board should now aim to put the vote which had just been taken firmly behind it. His Group wished the President well in his endeavours, in the hope that they would lead to a useful session of the Committee on Economic Co-operation among Developing Countries or of the Board, at which the whole question of ECDC could be given a fresh start.

63. The representative of Finland, speaking also on behalf of Denmark, Norway and Sweden, said that the Nordic countries endorsed the remarks by the spokesman for Group B. They felt strongly that it was crucial for a more rapid development of the developing countries that these countries find ways and means of further strengthening economic co-operation among themselves. Furthermore, such co-operation was an essential feature for their fuller integration into the world economy. Its objective should be pursued and supported by the international community as a whole. That had been and would continue to be the consistent policy of the Nordic countries.

64. It was therefore a matter of major concern that the issue of ECDC within the framework of UNCTAD had met with obstacles which should not concern the very substance of ECDC. Important questions of principle were involved. Since the position of the Nordic countries on those questions remained unchanged, they could not but regret that the issue had been put to a vote, even more so since the President had taken it upon himself to initiate a series of consultations with a view to seeking a solution to the underlying general problem.

65. The Nordic countries would have preferred a consensus to have been reached at the **current** session based on the wise ideas put forward informally by the President in the Contact Group. In their view, those ideas constituted an adequate basis for agreement among all groups. Since a consensus had not proved possible, they had had no choice but to cast a negative vote in the vote just taken. They sincerely hoped that this would be the last time that the Board would experience such difficulties in connection with activities related to ECDC in UNCTAD. Although the question had been forced to a vote, they hoped that all members of UNCTAD would take an active part in efforts from now on to solve the basic, underlying problem involved.

66. At the same meeting (569th), the Board unanimously authorized its President to undertake consultations, between the twenty-third and twenty-fourth sessions of the Board, with a view to arriving at a generally acceptable solution to the problems underlying the activities within UNCTAD on economic co-operation among developing countries (see annex I below, **Other decisions (c)**).

E. Adoption of the report of the Board to the General Assembly
(Agenda item 13)

67. At its 569th (closing) meeting, on 6 November 1981, the Board, noting that its report on the second part of the twenty-third session would form part of its annual report to the General Assembly at its thirty-sixth session, authorized the Rapporteur to prepare the report on the second part of the twenty-third session after the close of the session.

F. Closure of the session

68. At the same meeting, the President declared closed the twenty-third session of the Trade and Development Board. Before doing so, he observed that, although they had not been as successful as might have been hoped, he was far from being disheartened or disappointed by the different points of view that had been expressed during the second part of the session. In his view, there were a number of positive elements. A very encouraging feature of all the informal consultations he had held was that all were agreed on certain basic principles. At no time had it been suggested that ECDC was not an essential activity of UNCTAD; on the contrary, all were agreed that activities on ECDC should be maintained within UNCTAD and served a very good purpose. The disagreements, which he did not wish to minimize, were on modalities and points of detail. Far from being disheartening, that was a healthy sign, as these disagreements showed that there was a real interest in the matter and that the Board was facing its problems with courage and self-confidence, instead of sweeping them under the carpet. Once a problem was squarely faced and clearly determined, it should be possible to find a solution. It was in that spirit of hope and optimism that he was honoured to accept the task the Board had entrusted to him of carrying out consultations on the question of ECDC activities in UNCTAD.

ANNEX I

Resolution and decisions adopted by the Trade and Development Board
at the second part of its twenty-third session

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ANNEX I

Resolution and decisions adopted by the Trade and Development Board
at the second part of its twenty-third session

Resolution

245 (XXIII) Sixth session of the United Nations Conference on Trade and
Development: place, date and duration

The Trade and Development Board,

Taking note of General Assembly resolution 34/196 of 19 December 1979, in which the General Assembly requested the Trade and Development Board to recommend the place, date and duration of the sixth session of the United Nations Conference on Trade and Development,

Bearing in mind General Assembly resolution 31/140 of 17 December 1976 on the pattern of conferences and the communication dated 22 October 1981 addressed to the Secretary-General of UNCTAD by the Permanent Mission of Gabon, a/

Recalling its decision 237 (XXIII) of 8 October 1981 in which it endorsed the decision taken by the Latin American Group to hold the seventh session of the Conference in one of the countries in Latin America, on the understanding that the final decision on the venue in Latin America **would be taken at the right time and in the right place**, and noted with interest the desire of Cuba to host the seventh session of the Conference,

Recalling also paragraph 2 of that decision, in which it agreed in principle to recommend to the General Assembly that the sixth session of the Conference be held in a country member State of the African Group, in keeping with the request of the Latin American Group and on the understanding that the final decision concerning the venue **would be taken at the second part of the Board's twenty-third session in the light of any offer of host facilities by a member country of the African Group**,

Noting with appreciation the statement made by the representative of Gabon conveying the invitation of his Government to host the sixth session of the Conference,

1. Recommends to the General Assembly at its thirty-sixth session that it convene the sixth session of the United Nations Conference on Trade and Development **at Libreville, Gabon, in May/June 1983, to be preceded by a meeting of senior officials at Libreville;**

2. Expresses its appreciation and gratitude to the Government of Gabon for its generous offer to host the sixth session of the Conference;

3. Decides that the sixth 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 Ministers and other high-level policy-makers and to permit all delegations to contribute effectively to its decision-making process;

a/ TD/B/880.

4. Requests the Secretary-General of UNCTAD to submit to it at its twenty-fourth session, in the light of consultations with Governments, a draft provisional agenda for the Conference, and also to initiate the necessary preparatory work for the Conference;

5. Decides to hold a one-week special session of the Board in conjunction with the twenty-sixth regular session in March 1983, to consider substantive proposals for action by the Conference at its sixth session and to advance negotiations on them.

568th meeting
5 November 1981

Decision

246 (XXIII) Review of the calendar of meetings

The Trade and Development Board

1. Decides to make the following adjustments to the calendar of meetings for 1982 as approved in its decision 244 (XXIII) of 9 October 1981:

<u>Meeting</u>	<u>Dates (1982)</u>
Intergovernmental Group of Experts on an Export Credit Guarantee Facility	11 - 22 January (No dates previously set)
IPO* - Intergovernmental Group of Experts on Tea, third session	3 - 7 May (Instead of 22-26 March)
IPO - Third Preparatory Meeting on Tea	10 - 14 May (Instead of 29 March-2 April)
IPO - Group of Governmental Experts on Bananas	28 June - 2 July (Instead of 22-26 February)
Working Group on International Shipping Legislation, ninth session	25 October - 12 November (Instead of 1-12 November)

2. Further decides to include in the calendar for 1982 provision for a third session of the Meeting of Governmental Experts of Developing Countries on Economic Co-operation among Developing Countries.

569th meeting
6 November 1981

* Integrated Programme for Commodities.

OTHER DECISIONS TAKEN BY THE BOARD AT THE SECOND
PART OF ITS TWENTY-THIRD SESSION

(a) Report of the Working Party on the Medium-term Plan and the Programme Budget on its fourth session b/

At its 567th meeting, on 4 November 1981, the Board:

1. Took note of the report of the Working Party on the Medium-term Plan and the Programme Budget on its fourth session; c/
2. Authorized the Secretary-General of UNCTAD to make such revisions to the draft medium-term plan 1984-1989 as considered appropriate in the light of the discussions in the Working Party;
3. Decided to inform the relevant United Nations organs that it had been unable to establish agreed relative priorities to be accorded to the various subprogrammes of the medium-term plan;
4. Requested the Secretary-General of UNCTAD to transmit the report of the Working Party on its fourth session to the appropriate United Nations bodies for their consideration, together with the comments thereon.

(b) Question of holding a session of the Board at ministerial level before the sixth session of the Conference d/

At the 568th meeting, on 5 November 1981, having been informed by the President of his informal consultations which he had held since the first part of the twenty-third session and intended to continue, the Board took note of the understanding of the President that Governments were aware of the procedures that existed for convening a ministerial session of the Board at any time in 1982, should developments in the near future so warrant.

(c) Economic co-operation among developing countries e/

At its 569th meeting, on 6 November 1981, the Board unanimously authorized its President to undertake consultations, between the twenty-third and twenty-fourth sessions of the Board, with a view to arriving at a generally acceptable solution to the problems underlying the activities within UNCTAD on economic co-operation among developing countries.

b/ See para. 15 above.

c/ Official Records of the Trade and Development Board, Twenty-third Session, Supplement No. 4 (TD/B/882).

d/ See paras. 45-46 above.

e/ See para. 66 above.

Other action taken by the Board

1. At its 567th meeting, on 4 November 1981, the Board took note of the note by the Secretary-General of UNCTAD f/ on implementation by the secretariat of Board resolution 231 (XXII) f/ and of the comments made thereon at the second part of its twenty-third session. g/

2. At its 568th meeting, on 5 November 1981, the Board confirmed the provisional agenda for its twenty-fourth session as approved at its 565th meeting. h/

f/ TD/B/L.595 and Add.1.

g/ See para. 31 above.

h/ See para. 47 above.

ANNEX II

Provisional agenda for the twenty-fourth session of the Board a/

1. Procedural matters:
 - (a) Election of officers;
 - (b) Adoption of the agenda and organization of the work of the session;
 - (c) Adoption of the report on credentials;
 - (d) Provisional agenda for the twenty-fifth regular session of the Board and organization of the work of the session.
2. Specific matters arising from the resolutions, recommendations and other decisions adopted by the Conference at its fifth session requiring attention or action by the Board at its twenty-fourth session.
3. Evaluation of the world trade and economic situation and consideration of issues, policies and appropriate measures to facilitate structural changes in the international economy, taking into account the interrelationships of problems in the areas of trade, development, money and finance with a view to attaining the establishment of a new international economic order and bearing in mind the further evolution that may be needed in the rules and principles governing international economic relations.
4. Interdependence of problems of trade, development finance and the international monetary system.
5. Implementation of Trade and Development Board resolution 165 (S-IX) on the debt and development problems of developing countries.
6. Sixth session of the United Nations Conference on Trade and Development: preparations for the session.
7. Protectionism and structural adjustment.
8. Matters requiring action by the Board arising from or related to reports and activities of its subsidiary and other bodies.
9. Progress in the implementation of specific action related to the particular needs and problems of island developing countries.

a/ As approved by the Board at its 565th meeting, on 9 October 1981, and confirmed at its 568th meeting, on 5 November 1981 (see para. 47 above).

10. Institutional, organizational, administrative and related matters:

- (a) Treatment of new States members of UNCTAD for purposes of elections;
- (b) Announcement of any changes in the membership of the Board and election to membership of main **committees**;
- (c) Designation of intergovernmental bodies for the purposes of **rule 78 of the rules of procedure**;
- (d) Designation and classification of non-governmental organizations for the purposes of rule 79 of the rules of procedure;
- (e) Rationalization of the permanent machinery of UNCTAD;
- (f) Supplementary conference services for UNCTAD (Board decision 233 (XXII), para. 3);
- (g) Review of the calendar of meetings;
- (h) Financial implications of the actions of the Board;
- () ...

[To be completed as necessary]

11. Other business.

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

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